Doing Business In Canada: A Country Commercial Guide for U.S. Companies

Approved by the U.S. Ambassador to Canada, this Guide provides a wealth of information for U.S. businesses pursuing export and investment opportunities in Canada. U.S. companies are invited to contact the U.S. Commercial Service and Foreign Agriculture Service contacts identified in this Guide for individual counseling and other personalized services to meet their market expansion needs.

Readers of a printed copy of this Guide may view a fully hyperlinked version online at the U.S. Export Portal, http://www.export.gov or by contacting the U.S. Commercial Service in Canada at http://www.buyusa.gov/canada/en/ccg.html.

2/16/2007

Return to table of contents

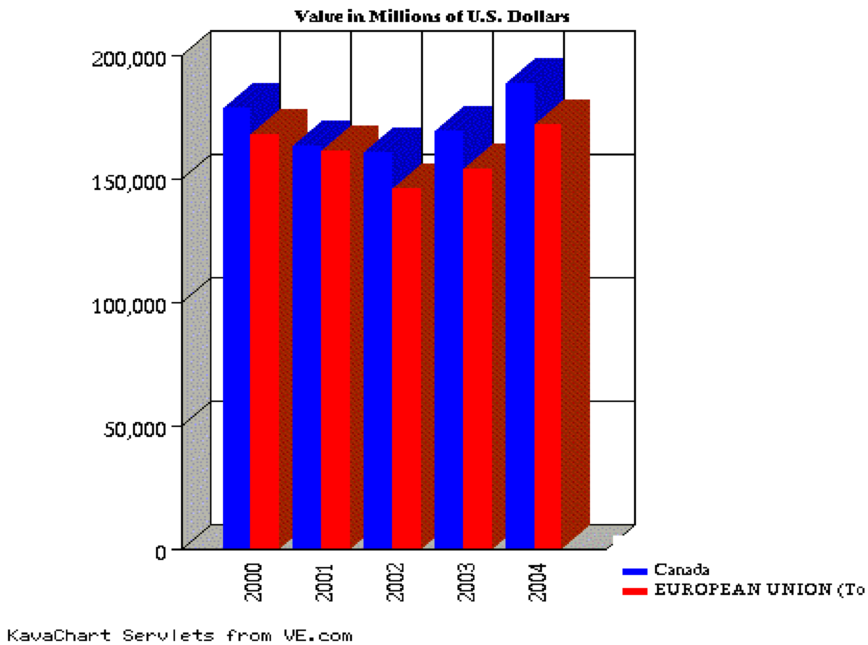
Chapter 1: Doing Business In Canada

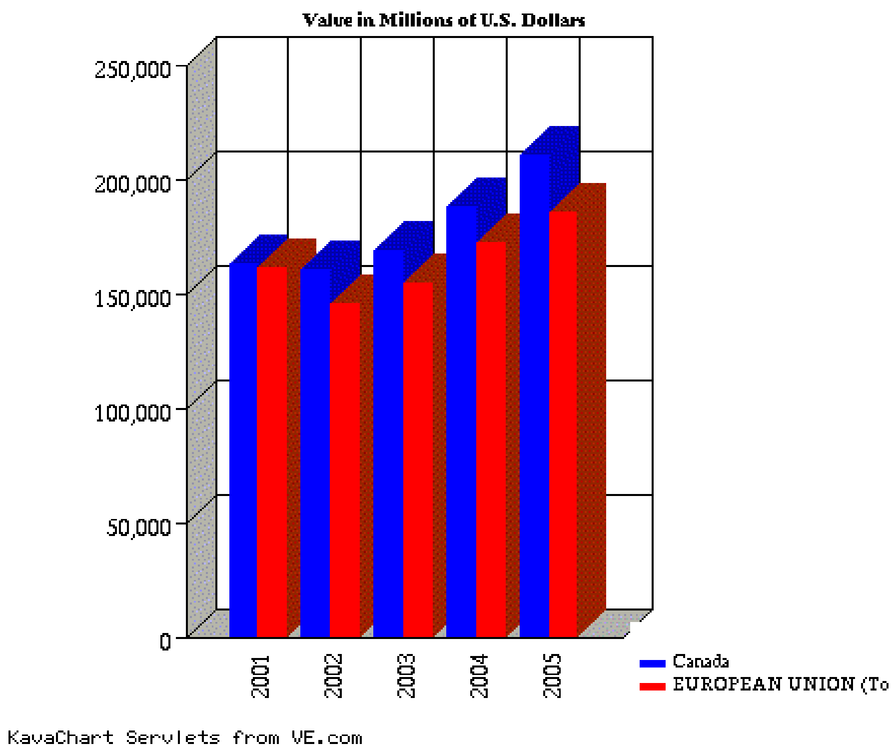
- Market Overview
- Market Challenges
- Market Opportunities
- Market Entry Strategy

Market Overview Return to top

The United States and Canada share the world's longest open border. 90 percent of Canada's 32 million people, a population one-tenth that of the United States, live within 100 miles of the U.S. border. As a result, the U.S. and Canadian economies are closely intertwined. Also, the United States and Canada are each other's largest trading partner, and the United States is the largest foreign investor in Canada and the most popular destination for Canadian investment. According to official Canadian statistics, in 2006, the two-way trade in goods amounted to approximately US $500 billion, up from US $479 billion in 2005, representing US $1.3 billion of goods crossing the border each day. U.S. exports to Canada have exceeded U.S. exports to the entire European Union for the previous five years, even though the EU has 15 times Canada's population. The two-way trade that crosses the Ambassador Bridge between Michigan and Ontario equals all U.S. exports to Japan.

U.S. Exports to Canada and the European Union 2001-2005:





Source: Statistics Canada

The trade relationship – and the U.S. trade deficit with Canada – continues to grow. As of 2005 (the last full reporting period), the U.S. goods trade deficit with Canada was $76.4 billion, an increase of $10.0 billion from $66.5 billion in 2004. U.S. goods exports in 2005 were $211.3 billion, up 11.3 percent from the previous year. Corresponding U.S. imports from Canada were $287.9 billion, up 12.3 percent. Canada is currently the largest export market for U.S. goods. Approximately 84% of Canadian exports go to the U.S. while the U.S. share of Canada's total imports is 56%.

Trade with Canada is facilitated by proximity, common culture, language, similar lifestyle pursuits, and the ease of travel among citizens for business or pleasure. American products have gained an increased competitive edge over goods from other countries as the North American Free Trade Agreement (NAFTA) and geographical proximity gives U.S. exporters an advantage.

A prime reason for the strength of the Canadian dollar is the strength of the Canadian economy. Canada's Gross Domestic Product in 2005 was CDN $1.06 trillion (approximately US $1 trillion) and 2006 is forecasted to be at CDN $1.09 trillion. The Consumer Price Index for December 2006 was up 1.6 percent over December 2005. Unemployment dropped to 6.1 percent. Canada's other leading economic indicators can be found on the website of Statistics Canada.

As is evident from these statistics, Canada is the most receptive market in the world for U.S. goods. U.S. companies new to export should therefore contact U.S. Commercial Service Canada and "Think Big! Think Canada!" when planning their export strategies.

Market Challenges Return to top

Due to NAFTA, American-made products enter Canada almost entirely duty free. The North American Free Trade Agreement (NAFTA) came into force on January 1, 1994 and replaced the U.S.-Canada free trade agreement, which was implemented in 1989. The phase-out of tariffs between Canada and the United States was completed on January 1, 1998, except for tariff-rate quotas (TRQ) that Canada retains on certain supply-managed agricultural products. Canada still maintains some non-tariff barriers of concern at both the federal and provincial levels, impeding access to the Canadian market for U.S. goods and services. However, recent studies show that 99 percent of all trade passes the across the border without incident or without controversial trade restrictions. Many Canadian standards are harmonized with U.S. standards.

Doing business in Canada is not, however, exactly the same as in the United States, and U.S. companies should beware of the discrepancies (See Chapter 5). While customs documentation, bilingual labeling and packaging requirements and Canadian federal and provincial sales tax accounting may seem onerous at first compared to domestic shipments, most exporters find that, with a little experience, they can master the requirements. There are also many international trade professionals such as customs brokers, freight forwarders and consultants that can, for a fee, handle much of the research and paperwork for smaller exporters without international sales departments.

The key to achieving market penetration for export sales to Canada is making the transaction resemble as much as possible a Canadian domestic transaction for the Canadian customer. One good way to do that is for the U.S. exporter to become a non-resident importer and take the entire importing burden off the shoulders of the Canadian importer.

Market Opportunities

Return to top

The best prospect sectors over the 2006-2007 period are expected to be:

1. Automotive Parts and Service Equipment (APS)
2. Electrical Power Systems (EPS)
3. Building Products (BLD)
4. Plastics Materials/Resins (PMR)
5. Oil/Gas Field Machinery (OGM)
6. Computers/Peripherals (CPT)
7. Computer Software (CSF)
8. Medical Equipment (MED
9. Agricultural Machinery and Equipment (AGM)
10. Water Resources Equipment/Services (WRE)
11. Security/Safety Equipment (SEC)
12. Franchising (FRA)

The fastest growing commercial sectors in Canada are medical devices, security/safety equipment, oil and gas field machinery, computer software, and water resources equipment/services. For Canadian companies upgrading their plants and equipment, as well as for those constructing new facilities, the United States is a principal source of new machinery and technology. This is especially true with the current low U.S. dollar. U.S. companies will continue to find Canada an extremely attractive and accessible place to do business.

Major project opportunities recently reported by U.S. Commercial Service Canada in the Market Research Library on the U.S. Export Portal website include:

- Alberta oil sands development
- Atlantic Canada renewable energy projects
- Ontario energy sector and Canada power projects
- British Columbia construction and port development projects
- Security projects for maritime and ports
- Ontario highway infrastructure projects

Market Entry Strategy

Return to top

Making direct shipments to Canadian customers may not require a visit to Canada unless pre-sales presentations or post-sales installation are required. However, to expand sales in Canada, it is essential to have a presence in the country, either by setting up an office or by appointing an agent or distributor. It is highly advisable to visit Canada as part of doing due diligence to meet and screen potential agents and distributors, and to establish a trusting business relationship. One of the best ways to meet potential business partners is to visit Canada by participating in U.S. Commercial Service Canada programs to bring American companies together with Canadian firms.

Return to table of contents

Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

Background Note: Canada

Return to table of contents

Return to table of contents

Chapter 3: Selling U.S. Products and Services

Using an Agent or Distributor

Return to top

Distribution channels in Canada vary greatly according to the products and commodities involved. Large industrial equipment, for example, is usually purchased directly by end-users. In contrast, smaller equipment and industrial supplies are frequently imported by wholesalers, exclusive distributors, or by manufacturers' sales subsidiaries. Many U.S. firms have historically appointed manufacturers' agents that regularly call on potential customers to develop the market.

Many sales agents expect to work on a two-tier commission basis. Agents receive a lower commission for contract shipments and a higher rate when purchases are made from the local agent's own stocks. Consumer goods are purchased by importing wholesalers, department stores, mail-order houses, chain stores, purchasing cooperatives, and many large, single-line retailers. Manufacturers' agents play an important role in the importation and distribution of consumer goods. In addition, the importance of department stores, mail-order houses and cooperative purchasing organizations as direct importers has increased substantially. Many of these groups have their own purchasing agents in the United States.

For assistance in identifying appropriate agents and distributors in Canada, U.S. companies new to exporting are advised to first contact the nearest U.S. Export Assistance Center for pre-export counseling. Companies with export experience are also invited to contact U.S. Commercial Service Canada to develop a customized program to find a business partner in Canada.

Establishing an Office

Return to top

U.S. companies can establish a representative office or branch office, set up a sole proprietorship or partnership, or incorporate a wholly owned subsidiary or joint venture in Canada. Corporations can be public or private, and incorporated federally or under the laws of a province. Fees for federal incorporation are CDN $200 when submitted on-line and CDN $250 for other types of submissions. Incorporation fees vary among the provinces, although most provinces charge approximately CDN $200-300. Private and public corporations incorporated federally under the Canada Corporations Act may operate nationally or in several provinces, but must still register as an extra-provincial corporation in each province in which it does business. Corporations Canada has a pilot project for joint online extra-provincial registration for federal corporations with three provinces. Registration fees vary by province.

Corporations incorporated in Quebec must adopt a corporate name in French under Section 63 of Quebec's Charter of the French Language. Extra-provincial corporations registered in Quebec must supply a French version of their corporate name. Firms considering establishing operations in Quebec are advised to contact the Office québécois de la langue française (Quebec Office of the French Language), which works with companies to develop plans for complying with Quebec's language laws.

Franchising

Return to top

According to the Canadian Franchise Association, Canada's franchising sector is comprised of more than 850 franchises and over 85,000 individual units, ranging from restaurants to non-food retail establishments, from automotive product retailers to purveyors of business services. Annual sales generated by franchises in Canada, which account for only about 5 percent of total businesses in the country, total over US $85 billion, or 12 percent of Canada's Gross Domestic Product (GDP). However, each province or territory in Canada should be viewed as a unique market.

Canadian Franchise Market Overview	
Total Franchise Employment:	1,000,000
Value of the Canadian Franchise Industry	US$60 billion
Franchises as Total / Percent of Total GDP:	$100 Billion / 12%
Franchises in Canada	850+
Franchise Units in Canada	85,000

Source: Canadian Franchise Association

Canada is among the largest foreign markets for U.S. franchisors. U.S. franchisors have the advantage of strong recognition and familiarity with American products and services by Canadian consumers. This facilitates the search for franchise investors. However, each U.S. franchisor should do the necessary market research and financial analysis to determine that its concept will work in Canada, and make sure that all Canadian corporate registrations and other legal requirements are met, as part of its market expansion strategy.

Although there are no federal franchise laws, Ontario, and Alberta do have franchise-specific legislation, aimed at ensuring that small business investors are better able to make informed decisions prior to committing to franchise agreements. Disclosure requirements provide prospective franchisees with information about how sellers plan to approach key contractual issues, such as termination, and afford buyers stronger legal remedies regarding court action. Similar legislation is under consideration in other provinces.

Direct Marketing

Return to top

Canadians are the second largest users of the Internet after Americans. Online sales recorded their fourth consecutive year of strong double-digit growth in 2006. Combined private and public sector online sales increased 38.4 percent to C$39.2 billion. Online sales by private firms increased 37.2 percent to C$36.3 billion, while those by the public sector increased 55.4 percent to C$2.9 billion.

This is the fourth year in a row that the overall value of e-commerce sales in Canada increased by 38 percent or more. To put this into perspective, the increase in online sales was six times the rise in overall retail sales in Canada in 2006.

In general, Internet use rises provincially from east to west, although only three provinces have usage rates above the national average of 68 percent – Ontario (72%), Alberta (71%) and British Columbia (69%).

The Canadian Marketing Association and the Direct Marketing News are two leading sources of information about direct marketing in Canada. Tapping into this market can be as easy as placing an advertisement in a magazine or on the Internet. In general, Canadian audiences are targeted using the same techniques that are used in the United States.

Shipping Goods to Canada: Shipping goods to Canadian customers requires customs documentation.

Exports valued at Cdn $1,600 or more
If the value of goods you are exporting is Cdn $1,600 or more, the following documentation is required for the goods to enter Canada:
- bill of lading
- manifest or cargo control document
- Canada Customs Invoice or commercial invoice
- import permits, as required
- any other documents that may be necessary to meet the Canada Border Services Agency (CBSA) requirements, e.g. NAFTA Certificate of Origin, or those of other government departments.

Exports valued at less than Cdn $1,600
If the value of goods you are exporting is less than Cdn $1,600, the following

documentation is required for the goods to enter Canada:
- bill of lading
- manifest or cargo control document
- commercial invoice
- import permits, as required
- any other documents that may be necessary to meet the CBSA requirements, e.g. NAFTA Certificate of Origin, or those of other government departments.

Basically, to reduce customs clearance charges, low volume shipments should be sent by air courier or by mail, and not "ground delivery." Exporters with a sufficient volume of Canadian orders should explore developing a customized shipping program with a courier service, package delivery service, mail consolidator or customs broker/freight forwarder. Many of these companies offer on their websites innovative solutions to cross-border shipment such as combining bulk shipment and customs clearance at the border with individual package delivery to the Canadian consumer. These services can also be combined with Canada's non-resident importer program, in which the U.S. exporter includes all shipping, customs clearances and duties and taxes in the shipping and handling fees charged to the customer, who could even be charged in Canadian dollars. In this way, the transaction appears to the Canadian consumer as a domestic transaction. This makes the ordering process transparent to the customer, helping build Canadian sales.

It is recommended that individual parcel shipments (internet orders) to Canadian consumers be sent by mail or air courier service. While international shipping to Canada using "ground delivery" may be convenient to the shipper, and the shipping cost itself may be economical, the problem with using "ground delivery" for shipments valued at more than CDN $20 (US $17) is that the ground package delivery service typically must clear the parcel individually through Canadian customs at the border, with the necessary time-consuming paperwork, for which the company charges the Canadian customer the brokerage charges and related fees as well as Canadian customs duties and federal and provincial sales taxes.

The result is that the total cost to the consumer is much higher than shipment by mail, for which Canada Post charges only CDN $5 for customs clearance of individual parcels of a value in excess of CDN $20 (duties and taxes must still be paid by the customer). Sometimes these fees and charges can exceed the value of the parcel, and they can be an unpleasant and painful surprise to the customer.

Joint Ventures/Licensing Return to top

In the broadest sense, any arrangement in which two or more businesses combine resources for some definable undertaking is considered a joint venture. The Canadian legal system provides great flexibility and imposes few restrictions as to the form that joint ventures may take, such as equity or non-equity. Some joint ventures require approval from the Government of Canada under the Investment Canada Act. Approval is based on the "net benefit" of the venture to Canada. The "net benefit" criteria include: the level of Canadian participation; the positive impact on productivity; technological development; product innovation; industrial efficiency; and product variety in Canada. In certain key industries, joint ventures with Canadian partners may prove to be the most effective or, in some cases, the only means of market entry for US companies.

There are a variety of reasons that Canada is an attractive market for foreign licensors. Most notably, Canada has no regulatory scheme governing licensing arrangements. Foreign licensors also do not require registration or public disclosure. Moreover, the Investment Canada Act has no direct application to licensing unless it relates in some way to the control of a Canadian enterprise.

Selling to the Government

Return to top

The Government of Canada buys approximately US $12 billion worth of goods and services every year from thousands of suppliers. There are over 85 departments, agencies, Crown Corporations and Special Operating Agencies. Public Works and Government Services Canada (PWGSC) is the government's largest purchasing organization, averaging 60,000 contracts totaling US $8.5 billion annually. While PWGSC buys goods for most departments of the federal government, the departments buy most services themselves.

Chapter Ten of the North American Free Trade Agreement (NAFTA) provides national treatment in Canada for U.S. companies on Canadian federal government procurement contracts above the following thresholds:

- Contracts of CDN $32,400 (approximately US $27,300) or more offered by a federal entity such as a Department or Agency for goods. The list of these federal entities was expanded to include Communications Canada, Transport Canada, and the Ministry of Fisheries and Oceans.

- Contracts of CDN $84,000 (approximately US$71,000) or more offered by a federal entity for services.

- Contracts of CDN $10.9 million (approximately US $9.2 million) or more offered by a federal entity for construction services.

- Contracts of CDN $420,000 (approximately US $350,000) or more offered by a Crown corporation or other federal government enterprise for goods and services. The list of these corporations includes the St. Lawrence Seaway Authority, The Royal Canadian Mint, the Canadian National Railway, Via Rail, Canada Post, and numerous others.

- Contracts of CDN $13.4 million (approximately US$11.3 million) offered by crown corporations or federal government enterprises for constructions services.

In addition to NAFTA, the WTO Agreement on Government Procurement (WTO-AGP) applies to most federal government departments. This multilateral agreement aims to secure greater international competition. The WTO-AGP applies to the procurement of goods and services valued at CDN $245,000 (approximately US $207,000) or more, and construction requirements valued at CDN $9.4 million (approximately US $7.9 million) or more.

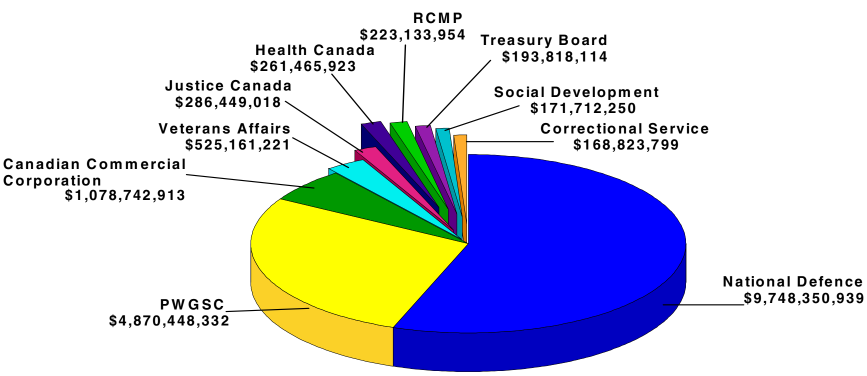
Provincial and local procurements generally do not offer national treatment opportunities to U.S. companies as they are excluded from Chapter Ten of NAFTA. However, provincial and local government entities such as Ontario may still hold opportunities for U.S. goods and services.

PWGSC is responsible for ensuring conformity with Canada's trade obligations under the NAFTA and the WTO-AGP. PWGSC handles the federal government's procurement requirements in the following areas:

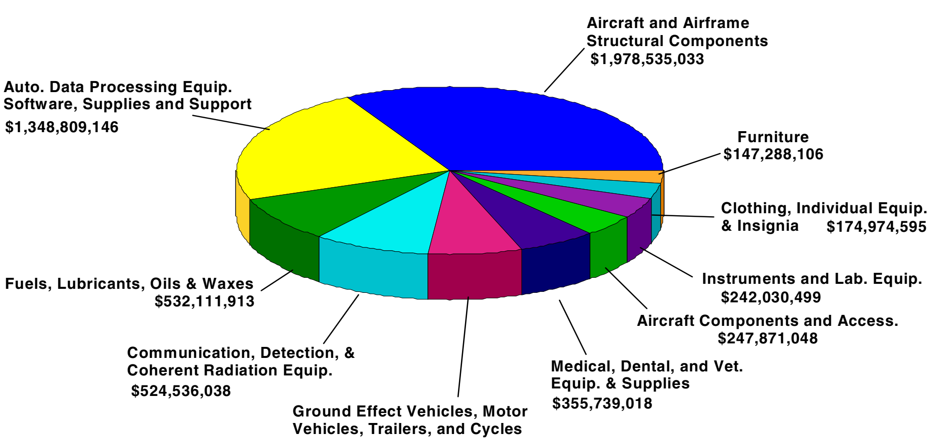
- architectural and engineering consulting services
- construction and maintenance services
- goods and services

The following graphics provide a snapshot of the PWGSC's top ten client ministries, as well as the top ten commodities and services they purchase (amounts in Canadian dollars; source: PWGSC):

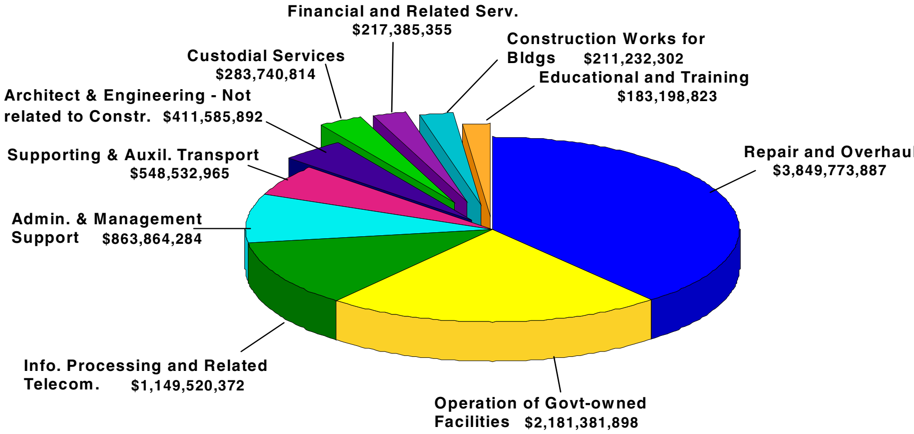
Top 10 Purchasing Ministries of the Canadian Government



Top 10 Commodities FY 2004 – 2005 Purchased by the Top 10 Purchasing Ministries of the Canadian Government



Top 10 Services – FY 2004 – 2005 Purchased by the Top 10 Purchasing Ministries of the Canadian Government



The PWGSC website gives valuable information on how to sell to the Canadian government. PWGSC may incorporate terms and conditions contained in the Standard Acquisition Clauses and Conditions (SACC) Manual by reference into procurement documents. Business Access Canada (formerly Contracts Canada) is an inter-departmental initiative to improve supplier and buyer awareness and simplify access to federal government purchasing information. The Canadian government's official Internet-based electronic tendering service MERX gives subscribers access to more than 1,500 open tenders from the federal government, provincial governments, and many municipalities, school boards, universities, and hospitals that are subject to Canada's trade agreements. Approximately 200 new tenders are posted daily.

The MERX system provides U.S. suppliers with easy access and excellent opportunities to sell a wide range of products and services to Canada's public sector. The Basic Subscriber package is free of charge providing U.S. companies with access to Federal Government procurement opportunities. From there, it is possible to search, view and download tender documents at no charge. This package also includes a free delivery of Opportunity Matching results, and one free Opportunity Matching Profile that automatically searches for opportunities of interest to a company's criteria in the profile it can create. In order to access opportunities, other than federal government opportunities, users must subscribe to one of the fee-based packages.

In addition, the Supplier Registration Information (SRI) service is used by federal government buyers to identify potential suppliers for purchases not subject to any of the trade agreements (for which they use MERX).

The Canadian government's fiscal year is from April 1 to March 31 (like Japan).

More information can be found at U.S. Export Portal in a report entitled Accessing Government Procurement at the Federal and Provincial Levels.

Distribution and Sales Channels [Return to top]

Sales to Canadian companies are handled through relatively short marketing channels, and in many cases products move directly from manufacturer to end-user. A large number of Canadian industries are dominated by a handful of companies that are highly concentrated geographically. In many cases, 90 percent or more of the prospective customers for an industrial product are located in or near two or three cities. Canada's consumer goods market, on the other hand, is much more widely dispersed than its industrial market. The use of marketing intermediaries in consumer goods is common practice. Often, complete coverage of the consumer market requires representation in the various regions of Canada. Toronto, the largest metropolitan area and commercial center of the country, is usually the most logical location for establishing a sales agent/representative and/or distributor. From a regional perspective, the country may be divided geographically into six distinct markets, plus the territories. Establishing representation in each of these markets provides optimal coverage and the ability to target promotional programs to suit specialized market needs.

Selling Factors/Techniques [Return to top]

Selling in Canada is similar to selling in the United States, despite the differences in standards and regulations and French-language requirements. The biggest difference is in adapting sales methods in the six marketing regions in Canada. Some of these differences will have an impact on the way U.S. firms approach these markets. These regions are:

The Atlantic Provinces: New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador.

The Province of Quebec

The Province of Ontario

The Prairie Provinces: Manitoba, Saskatchewan, and Alberta

The Province of British Columbia

The Territories: the Yukon, the Northwest Territories, and Nunavut

The Atlantic Provinces

The Atlantic Provinces represent a geographic area close to the size of France and have a combined population of 2.4 million. The only Atlantic province that borders a US state (Maine) is New Brunswick, and it is, therefore, one of the principal entry points for American-made goods. Additional products enter the region through distribution centers in Ontario and Quebec, adding significantly to the total sales and consumption of US products in this region. This most eastern Canadian region is known for their resource sectors, notably the major energy projects, and the diverse industries represented in its four, economically independent provinces: New Brunswick, Nova Scotia, Newfoundland and Labrador, and Prince Edward Island.

Historically, the Atlantic Provinces have been net importers of finished products, and exporters of resource-based and semi-processed materials and services. This traditional mix has changed over recent years as services, IT products, and assorted finished goods are exported from the region, along with fishery and forestry products, and natural gas. The region enjoys strong relationships with states in the northeast US, the result of a long-standing trading pattern that began before Canadian confederation. However, with the support of the Canadian federal and provincial governments, companies in all four provinces have increased that reach to include many other U.S. states.

Well-placed distributors, agents, and manufacturer's representatives, many of whom have long established relationships with US suppliers across diverse sectors, serve local and regional business. Because of the geographic distance between US suppliers and these four provincial markets, some type of local representation in the region is normally essential for sales success.

Buyers in the area regularly state that American companies are better served by representatives located in the Atlantic Provinces, than by those based in Ontario or Quebec. Personal contact between vendor and purchaser is highly valued in this part of Canada, and, where pricing and other factors are not major issues, these relationships can greatly influence the success of a US company in this market. This is very important for new-to-market companies, where an intimate knowledge of local business practices often makes the difference between success and failure. Typical are those situations requiring after-sale service or high levels of quality control, as is often seen in sales to governments and institutions. Purchasing requirements are not necessarily the same in every province, even though product specifications may be similar. Population size should not be the sole indicator for determining market potential. A diverse industrial base, major projects, international traders, and seasonal industries such as tourism, all contribute to major procurements for the region and for offshore markets.

For major projects, business relationships such as joint ventures, partnering, and various forms of alliances and consortia have all been applied successfully and are viewed by local business as an effective way to win sales. The energy sector continues to provide an economic push to the region with work on the Panuke offshore gas field moving ahead in 2007 as well as four LNG plants at various stages of planning or construction. Also, this part of Canada is known for the significant number of telecommunications companies, a high level of activity in marine technologies, and a strong environmental sector.

The Province of Quebec

The province of Quebec is Canada’s second largest economic region after Ontario. Quebec is North American in geography, French in origin, and British in parliamentary tradition. Of its 7.6 million people (representing 23.5 percent of Canada’s population), 80 percent are French-speaking. Quebec is home to an increasingly diverse, pluralistic society exposed to highly competitive global markets. The capital of the province, Quebec City, has a population of 717,000. Montreal is the province’s largest city with a majority French-speaking population of 3.6 million that is largely bilingual in English.

The members of the Board of Trade of Metropolitan Montreal are the driving power in Quebec's economy. Many U.S. companies have located sales and manufacturing facilities in Quebec. According to the Conference Board of Canada, the Quebec economy grew at a 2 percent rate in 2006, as the economy contended with weakening consumer demand and new housing demand. The export-driven manufacturing sector still faces challenges.

Nonetheless, with an abundance of natural resources and energy, Quebec remains strong in the forestry and mining and a North-American leader in aluminum and magnesium production, as well as for hydroelectricity. The traditionally strong manufacturing and service sectors provide stability to the highly industrialized Quebec economy. Growth in the aerospace, telecommunications, pharmaceuticals, biotechnology, and information technology sectors is helping Quebec maintain its status as a high-tech powerhouse.

Overall, Quebec represents one fifth of Canada's economy – 25 percent of the information technology sector, 55 percent of aerospace production, 30 percent of the pharmaceutical industry, 40 percent of biotechnology companies and 44 percent of all Canadian high-tech exports.

U.S.-Quebec two-way trade of US $68 billion (2005) would rank Quebec as the #8 trading partner with the United States if Quebec were a country. Quebec's imports of goods from the United States of nearly US $16 billion (2005) represent over 28 percent of Quebec's imports from outside Canada. Leading imports from the United States are vehicles, computers, aircraft engines and parts, telecommunication equipment, automobile parts, trucks and tractors, electronic parts, airplane and helicopter parts, pharmaceuticals and medicines, plastics, chemicals, wood products and paper. Companies in the aerospace, pharmaceuticals, biotechnology and information technology sectors heavily import goods, services, parts, equipment and supplies from the United States.

French Canadians are North Americans, with buying habits that are similar to people in English-speaking Canada and the United States. It should not be assumed that their patterns of consumption would be similar to France any more than it would be appropriate to assume that Americans' consumption patterns reflect Britain. Since the predominant language is the Quebec dialect of French (analogous to the relationship of American English to British English), promotion and packaging need to reflect local needs as well as Quebec's French-language requirements.

The Province of Ontario

Ontario's 12 million people (almost 40 percent of Canada's total population) help make it the country's most dynamic province. Ontario is the economic engine of Canada due to its substantial and highly diverse industrial base. Ontario's capital, Toronto, is Canada's commercial center, home to half the country's largest financial institutions, 90 percent of its international banks, and over 75 percent of US subsidiaries in Canada. Toronto boasts a population that represents some 100 nationalities. Located in the heart of North America, Ontario provides easy access to prosperous consumer and industrial markets. The province has a modern, integrated transportation infrastructure, including commuter and urban public transit, an excellent rail system, worldwide cargo aviation systems, and extensive in-land and international marine shipping facilities. In 2007, the

Ontario economy is expected to continue to adjust to the strong Canadian dollar and high commodity prices. Ontario's GDP is expected to remain steady at 1.6 percent to the end of 2007, according to the National Bank of Canada.

Ontario's highly diversified economy offers excellent opportunities in all sectors ranging from automotive, plastics, and aerospace to information and telecommunications technology, computer software, and the life sciences. Knowledge-intensive industries such as computers, software, and medical technologies are among the fastest growing sectors in Ontario. The automotive industry accounts for 21 percent of Ontario's manufacturing output and 45 percent of its exports. Ontario rivals the State of Michigan as North America's largest auto assembly center. However, Ontario's manufacturing sector, including automotive and steel, has been shrinking recently, lowering the anticipated overall economic growth of Ontario during 2006-2007.

Ontario is the nucleus of the Canadian high-tech industry. Ottawa, Canada's national capital, is an important center for both the telecom and photonics industries. The city's high-tech sector has experienced remarkable growth in the last few years and has attracted the attention of numerous information technology and telecommunications companies from across the United States. Home to high-tech companies such as Nortel Networks, Corel Corporation, and JDS Uniphase, the advanced technology sector in Ottawa generates almost US $14 billion in annual sales. Toronto is especially strong in software and related technologies, including e-commerce. There are more than 3,000 information technology firms in the Greater Toronto Area alone, with annual revenues of US $24 billion dollars.

While Toronto is the center of the province's commercial activity, the neighboring cities of Mississauga, Markham, and Oakville also offer opportunities to U.S. companies. Of the 4,000 U.S. companies registered in the province, almost 700 U.S. companies have operations in Mississauga alone, the sixth largest city in Canada. That number includes 57 "Fortune 100" U.S. companies that have their Canadian headquarters there.

In addition to being Canada's commercial and industrial heartland, Ontario produces more than 200 agricultural commodities, a diversity unmatched in most parts of the world. Ontario is a world leader in food technology research and development as well. The province also accounts for 30 percent of Canada's mineral mining and 20 percent of its forestry products.

Opportunities for new power generation units based on gas, nuclear, wind and solar energy will come on stream as Ontario's Integrated Power System Plan (IPSP) is implemented in the fall of 2007. As announced by the Ontario Government on November 14, 2006, coal-fired generating plants will remain in operation until 2014, and likely beyond as plans are afoot to possibly look at new technologies to lower/eliminate coal emitting pollutants and gasification in the future.

Major chambers of commerce are the Toronto Board of Trade and the Greater Ottawa Chamber of Commerce. The American Chamber of Commerce has four chapters in Canada with its head office in Toronto.

The Prairie Provinces

The Prairie Provinces -- Manitoba, Saskatchewan, and Alberta -- have rich natural resources that have long provided a strong economy. They account for four-fifths of Canada's agricultural land and over two-thirds of its total mineral production, including over ninety percent of its fossil fuels. As these primary industries' contribution to GDP has fallen almost steadily for four decades, the Prairies have steadily diversified their economic base with manufacturing and services. In 2005 combined GDP was approximately US $258 billion.

The Prairie Provinces will continue to thrive in 2007. Alberta's economy is firing on all cylinders due to the oil and gas sector, real GDP growth will ease from a torrid seven per cent this year to five per cent in 2007. Manitoba will enjoy solid growth of 3.3 per cent in 2007 due to stellar performances in construction, mining and agriculture. Saskatchewan's prospects depend on agriculture, mining and oil and gas. High oil, gas and uranium prices have spurred strong exploration activity and real GDP growth is expected to be 2.5 per cent in 2007.

Today, the region's economy, led by Alberta, outpaces the nation, and the three provinces have the lowest unemployment rates in the country. The region's economy is driven in large measure by the energy sector, and has led to a dramatic expansion in the region's trade with the United States. In the last four years, for example, Prairie exports to, and imports from, the United States have risen by over by 60 percent and 25 percent, respectively.

Driven by strong exports, the food-processing sector has grown steadily and remains the Prairies' largest manufacturing industry. However, all manufacturing sectors, in particular machinery and transport equipment, are recording solid growth and represent excellent markets for US intermediate component, production, and capital equipment suppliers. Service sectors are also blossoming, particularly in the logistics and transportation sectors.

Canada is the largest single source of imported hydrocarbons for the United States. Currently, most of Canadian energy exports originate in Alberta, home to the corporate headquarters of the country's oil and gas industry. Steadily rising U.S. demand for natural gas has led to a proliferation of new pipeline projects and large expansions in exploration, drilling, and other production activity. Surging oil prices have accelerated major long-term projects for developing Alberta's huge resources of oil tar sands. This expanded activity has greatly increased export and merger opportunities for US firms, which today boast 40 percent industry ownership. Construction expenditures in Alberta, led in large measure by the energy sector, and aided by the province's rapid population growth, are double the national average: the Calgary/Edmonton corridor recently was found to have the highest per capita income in all of North America.

Over the past few years, numerous U.S. firms have selected an agent or distributor located in the Prairies to handle their product lines or services here. Regional distributors can better cover this broad expanse of territory than can representatives from the East. Also, inter-provincial trade barriers and significant transportation costs make it easier for U.S. firms located in states directly south of the border to export northward into this region, than for firms based in eastern Canada to distribute U.S.-origin products westward to the Prairies.

The chambers of commerce of Alberta's major cities of Calgary and Edmonton are among over 100 members of the Alberta Chambers of Commerce. The members of the Manitoba Chambers of Commerce include the community chambers of commerce in the province. The Saskatchewan Chamber of Commerce is separate from the community chambers of commerce in the province.

The Province of British Columbia

The province of British Columbia (BC), located on Canada's scenic West coast, is renowned for its abundant natural resources and multi-ethnic population. However, it is the lesser known attributes that should be of most interest to US exporters: 1) a highly business-oriented provincial government that is radically improving the commercial climate; 2) a large economy with a GDP of over US$142.8 billion in 2005; 3) imports from the US of over US$12 billion in 2005; and 4) a gateway for business development into the Asia Pacific region.

The current provincial government was re-elected in 2004. It has worked hard to create a more business-friendly environment by introducing a total of 17 tax cuts, including reductions in corporate and capital gains taxes. Important revisions to British Columbia's labor legislation have also improved flexibility for businesses. The BC Business Corporations Act makes doing business in the province more appealing for foreign companies; for example, the Director residency requirement has been eliminated.

The city of Vancouver, a cosmopolitan center with a population of over 2 million inhabitants, won the bid to host the 2010 Winter Olympics and is preparing to host the world. Winning the bid spurred a major boom in infrastructure construction including a US$320 million expansion of the Vancouver Convention and Exhibition Center, which will be home to the international media during the 2010 Winter Olympics.

British Columbia's key industries include: 1) Energy & Mining – in 2005 mineral production (metals, non-metals and coal) reached US$5.34 billion with net income rising to US$1.56 billion in 2005 from US$740 million in 2004. 2) Forestry- in 2005 exports were $17 billion, while in 2005 Forestry & Logging GDP reached US$3.8 billion; 3) Fisheries – in 2005, Fishing, Hunting and Trapping together contributed US$112.5 million to BC's GDP; 4) Agriculture – in 2005 crop and animal production reached US$1.35 billion and food manufacturing reached US$1.6 billion; 5) in 2005 shipments reached US$40.7 billion, while the manufacturing sector contributed US$17 billion in total to BC's GDP in 2005.

In addition, a number of other industries also offer export opportunities for US firms: computer software & hardware, telecommunications equipment, aerospace products, life sciences equipment, computer integrated manufacturing components, electronics equipment, biotech equipment, environmental technology parts and components, and management consulting services.

British Columbia's role as a "Gateway to Asia" continues to grow and develop. The large Asian business community, with especially strong ties in China, Taiwan, and Hong Kong, often serves as agents for governments and businesses in those markets. They source many products and services from the United States.

The Territories: the Yukon, the Northwest Territories, and Nunavut

Stretching across the north are the territories of Yukon, Northwest Territories, and Nunavut, occupying roughly one-third of Canada's landmass, but home to only about 100,000 people. Despite this sparse population, however, there are trade opportunities in certain sectors.

Mining and related mineral exploration offer the greatest opportunities in all three territories. The government of the Northwest Territories is encouraging the establishment of a secondary diamond industry (cutting, polishing, and valuation) to complement the main diamond-mining sector. Tourism and related support industries are also growing, as the three regions encourage adventure travel to these remote northern sites.

Special opportunities exist in Nunavut, the newest territory, created on April 1, 1999. This territory is still in the process of setting up its own government and seeks management expertise in establishing systems to administer social services, education, health and other related services. There is also a need for construction and transportation equipment and materials.

Electronic Commerce

Return to top

Canada's e-commerce infrastructure is highly developed and closely integrated with that of the United States. This starts with the integrated telephone system, in which Canada shares the "001" country code with the United States, and has area codes that are part of the U.S. system. Broadband Internet access is offered throughout Canada using much of the same equipment as in the United States.

Information flows freely across the border, and without difficulty. Data flows are virtually uninhibited. For example, the primary message-processing center for the Blackberry system is located in Ontario, with the messages destined for U.S. destinations passing through Canada on their path. However, U.S. companies including medical equipment manufacturers should be aware that they may need to comply with Canada's federal data privacy laws, including the Privacy Act and the Personal Information Protection and Electronic Documents Act (PIPEDA), as well as provincial privacy laws, all which can affect their business. In the WTO context, Canada has consistently supported the U.S. initiative for duty-free cyberspace. The Canadian Radio-television and Telecommunications Commission announced in 1999 that it would not attempt to regulate the Internet, a decision that is subject to review after five years (i.e., in 2004) but that review has not yet begun. In 2004, the CRTC decided that telephone communication over the internet (VoIP) should be subject to the same regulatory regime as conventional telephone systems, although no regulations have yet been proposed.

Canada's Personal Information Protection and Electronic Documents Act, which took effect on January 1, 2001, requires persons or firms that collect personal information during the course of commercial activities to inform the subject of all purposes to which the data may be put and to obtain informed consent for its use.

For Internet transactions, there is often no reason to set up separate websites. Many companies have integrated their websites. Others have links, and maintain a **.ca** domain separate from their **.com** site. This is done primarily for marketing purposes.

U.S. companies selling to Canadian business and consumer customers over the Internet should have procedures in place to meet Canadian customs requirements and look at ways to reduce expenses and inconvenience to their Canadian customers that cross-border shipping can entail.

Trade Promotion and Advertising

Return to top

Business-to-Business Advertising

Like in the United States, the Internet is a prime means of business-to-business advertising. Canada's national newspapers and regional business newspapers in both English and French are also a means of reaching business customers. Industry-specific trade publications, including trade association journals and newspapers and other magazines sent to their members or to specific audiences without charge, also typically carry a large amount of advertising and serve almost every major industry sector in Canada. The U.S. Commercial Service in Canada can help U.S. companies place advertisements in targeted industry publications under one or more of the U.S. Commercial Service Canada's customized fee-paid programs. U.S. Commercial Service clients are also featured on the U.S. Commercial Service Canada website.

U.S. exporters to Canada can also promote their products and services to Canadian customers and other business partners at both Canadian and U.S. trade shows. U.S.C.S. Canada also works with Canadian trade fair organizers throughout the country to organize U.S. Pavilions in trade shows. The Canadian Government has a listing of Canadian trade shows, which they promote for export purposes just as the U.S. Commercial Service promotes U.S. trade shows under the International Buyers Program.

Advertising to Consumers

Television advertising accounts for the largest percentage of net advertising revenues, followed by advertising in magazines and newspapers. Over 600 advertising agencies operate throughout Canada and a number of these are subsidiaries of US companies. Canadian advertising rates are generally comparable with those in the United States.

Although a majority of Canadians speak English, the French-speaking areas, concentrated in Quebec province, should be considered a distinct market. Quebec is well served by French-language press, radio and television. Advertising directed toward this market should be specifically tailored to Quebec's distinct cultural identity, consumer tastes, preferences and styles.

Daily Newspapers

According to the circulation statistics of the Canadian Newspaper Association, there are currently more than 100 daily newspapers in Canada, of which approximately 90 percent are published in English and the remainder in French. Canada's two daily national newspapers with substantial business sections are The Globe and Mail, published in

Toronto and part of the Bell Globemedia conglomerate which includes the Bell Canada telephone company, and The National Post, also published in Toronto and part of the CanWest media conglomerate based in Winnipeg that also includes The Gazette, Montreal's main English-language newspaper. The Toronto Star is also available throughout the entire country.

Television and Radio

More than 89 percent of Canadian households have at least two television sets and approximately 98 percent of Canadians have some form of audio equipment (e.g. radio or CD player). Hundreds of public and commercial firms operate cable television and major broadcasting stations in metropolitan areas, though ownership is fairly limited. According to official statistics, over 11 million Canadians subscribed to cable or satellite television.

The Canadian Broadcasting Corporation (CBC) operates both English- and French-language national television and radio networks. Both television networks broadcast on two channels, one with regular programming and one with all-news programming. CBC accepts advertising that must meet its advertising standards. There are two private national television networks: CTV, part of the Bell Globemedia conglomerate, broadcasting on two English-language channels (regular programming and all-news) and Global Television, part of the CanWest conglomerate, broadcasting on one English language channel. There are also 105 independent television stations in Canada.

Most of the Canadian cable TV stations carry a wide variety of U.S. television channels, some with U.S. commercials, some with Canadian commercials. Canadian cable TV also carries a number of local TV stations operating in cities near the Canadian border such as Seattle and Burlington that target commercials to their Canadian audiences.

Radio advertising is largely local.

Pricing

Return to top

As in the United States, product pricing is key to remaining competitive. U.S. companies should research whether their products will be price-competitive in Canada as part of their market entry strategy, keeping in mind the high federal and provincial sales taxes that are charged to both domestic and imported goods.

End-user prices of U.S. products and services to Canadian customers can also be substantially affected by exchange rate changes between the U.S. dollar and the Canadian dollar. When the U.S. dollar goes up in value against the Canadian dollar, the U.S. exporter may be forced to raise its prices to the Canadian importer, or by pricing in Canadian dollars, to absorb the increase and keep its price down. When the Canadian dollar goes up against the U.S. dollar, the U.S. exporter can cut its prices, or by pricing in Canadian dollars, retain the extra profit.

Between 2002 and 2005, the Canadian dollar rose 30 percent against the U.S. dollar: in 2002, the Canadian dollar was worth only about 64 cents, while in 2005, it was worth over 83 cents, and in mid-2006, it reached a high of 90 cents. This potentially gives U.S. exporters a big price advantage. In addition, since the U.S. dollar has fallen against the euro, the British pound, and the yen, American companies have similar pricing advantages against imports from Europe and Japan as well.

Sales Service/Customer Support

Return to top

Canadian companies have a strong awareness of, and preference for, U.S. products and services. Nevertheless, Canadian customers, whether corporate or individual, demand high-quality sales service and after-sale customer support. Corporate clients often expect the U.S. seller to have an agent or distributor whom they can contact immediately should any problems arise. Like their counterparts in the United States, Canadian customers expect fast service and emergency replacement if required.

U.S. exports of private commercial services (i.e., excluding military and government) to Canada were $32.5 billion in 2005, and U.S. imports were $22.0 billion. Sales of services in Canada by majority U.S.-owned affiliates were $41.7 billion in 2003 (latest data available), while sales of services in the United States by majority Canada-owned firms were $40.5 billion.

An American company entering Canada should evaluate its system of after-sale service and support in the U.S. market, and replicate that network as closely as possible in the Canadian market. If the market demands a strong network of sales and after-sale service in the United States, it is probable that success in Canada will depend on appointing agents who can provide that service. There are many companies in Canada that can offer that service as an agent or representative, or on a retainer basis. Alternatively, many U.S. companies have found that establishing a toll-free telephone number that services both Canada and the United States is extremely useful in maintaining contact with customers. This gives Canadian customers instant access to US vendors for solving problems, answering questions, or simply providing a higher "comfort level" with a new product.

If possible, sales and service should be handled within Canada. It can be expensive and time-consuming to handle product returns, exchanges, and warranty repairs cross-border due to the customs documentation required.

Protecting Your Intellectual Property

Return to top

The Canadian Intellectual Property Office website has guides to registration in Canada of patents, trademarks, copyrights, industrial designs and integrated circuit topographies. The most important intellectual property rights are patents, trademarks and copyrights.

Patents

The Patent Act and Patent Rules govern patents in Canada. The Act allows for patenting of processes as well as products. Like most of the world, with the exception of the United States, Canada has a "first to file" system. An invention must demonstrate novelty, utility and ingenuity. Patent examination is not automatic; it must be requested separately from the patent application. Patent applications are made public 18 months after their Canadian filing date, or an earlier foreign filing date, if applicable. Provisions exist for payment of maintenance for pending applications and issued patents. Under Article 44 of the Patent Act, the patent term is 20 years from the filing date.

An applicant for a patent who does not appear to reside or carry on business at a specified address in Canada shall, on the filing date of the application, appoint as a representative a person or firm residing or carrying on business at a specified address in Canada.

Besides the Paris Convention on the Protection of Industrial Property, which gives priority in time to U.S patent registrants based on their U.S. patent application date, Canada is also signatory of the Patent Cooperation Treaty, which provides for foreign patent protection in Canada for companies of other treaty signatories. From the perspective of the inventor, the treaty standardizes the country's patent practices with those of Canada's principal trading partners and makes it easier for Canadians to acquire foreign patents. Officials from the United States Patent and Trademark Office and the Canadian Intellectual Property Office meet frequently to exchange information and to consider mutually beneficial future joint activities.

Trademarks

Under the Trade-marks Act and Trade-marks Regulations, an applicant may base a trademark application on either actual use or intended use of the trademark in Canada. Under Articles 30 and 31 of the Trade-marks Act, and the Paris Convention for the Protection of Industrial Property, a Canadian trademark application may also be based on a registration of the trademark in the applicant's country of origin and use by the applicant or a licensee in that country, in which case a registration can be obtained without proof of prior use in Canada.

Accordingly, if there is any likelihood that a market in Canada will exist for the trademarked product, a U.S. exporter should file an application in Canada as soon as possible. This practice will minimize the possibility that someone else, observing the use abroad, will file in Canada first and preclude registration by the true owner of the mark. A Canadian trademark registration can often be obtained within 12 to 15 months of filing and is granted for a term of 15 years. The registration may be renewed for successive 15-year periods on payment of renewal fees. Amendments introduced in implementation of NAFTA strengthen the ability of the owner of a registered trademark to stop the importation of allegedly infringing goods from abroad. It is now possible to obtain a court order requiring Canadian customs officials to detain such infringing goods pending trial. However, the U.S. Government has encouraged Canada to consider further strengthening enforcement by authorizing customs agents to seize shipments of allegedly infringing goods prior to judicial action.

Copyrights

Canada is a member of the World Intellectual Property Organization (WIPO) and a signatory of the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty. The two 1996 WIPO Internet treaties (WCT and WPPT) updated international copyright standards for the internet era. Canada has signed the treaties but has not ratified them. In order to ratify the treaties, Canada must amend its copyright act in order to comply. As a NAFTA signatory, Canada also adheres to the Berne Convention for the Protection of Literary and Artistic Works (1971) and the 1952 Universal Copyright Convention (UCC).

Under the Berne Convention, U.S. authors of original works are automatically entitled to the benefits of copyright protection under Canada's Copyright Act and Copyright Regulations. The general rule is that copyright lasts for the life of the author, the remainder of the calendar year in which the author dies, and for 50 years following the end of the calendar year. Copyright registration can be done online with a credit card and usually takes three weeks. It is not, however, necessary to register a copyright to have protection in Canada, but a registrant receives a certificate of registration to use as evidence that the work is protected by copyright and that the registrant is the owner of the work. In the event of a legal dispute, the registrant does not have to prove ownership; the onus is on the alleged infringer to disprove it.

Canada's international treaty agreements require that Canada provide national treatment with respect to copyright. This Canada generally provides. However, Canada's Copyright Act has two provisions that follow the principles of reciprocity instead of national treatment, which have yet to be resolved to the satisfaction of the United States.

The first calls for a "neighboring rights" royalty, whereby broadcasters pay royalties to domestic recording artists and producers, as well as to those from countries that are signatories of the Rome Convention. As the United States is not a signatory, U.S. artists do not receive royalties. The second is for a "private copying" levy to be paid by manufacturers and importers of recordable blank cassettes, tapes and compact discs, with the proceeds going to domestic artists and artists from countries that extend the same benefits to Canada. The United States does not have such a levy for cassettes and tapes, only for compact discs. Canada's federal Industry Minister has the authority to grant benefits to countries that are currently precluded, but has yet to make a decision with respect to American artists and producers.

Canada's Copyright Act has been amended several times to harmonize it with the country's international intellectual property rights agreements. In early 2003, the Act was amended to specifically exclude the Internet from its compulsory licensing regime, aligning its copyright application of the Internet with that of the other G7 countries.

Canada is a member of the World Intellectual Property Organization (WIPO) and adheres to several international agreements, including the Paris Convention for the Protection of Industrial Property (1971), the Berne Convention for the Protection of Literary and Artistic Works (1971), and the 1952 Universal Copyright Convention (UCC). Canada is also a signatory of the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty (together the WIPO Treaties), which set standards for intellectual property protection in the digital environment. Canada has not yet ratified either treaty, however. Ratification legislation was expected to be introduced into Canada's Parliament in 2006, and will not pass until 2007 at the earliest.

Canada's Copyright Act contains two provisions under which the country applies reciprocal rather than national treatment. The first provision is for the payment of a neighboring rights royalty to be made by broadcasters to producers and artists. Under Canadian law, those payments are only guaranteed to producers and artists from countries that are signatories of the 1961 Rome Convention. The United States is not a signatory of the Convention, and Canadian authorities have not granted U.S. producers and artists' national treatment in the distribution of these royalties. The second provision is for the payment of a levy, dubbed the private copy levy, by manufacturers and importers of blank audio recording media to producers and artists from countries that provide an equivalent payment to Canadian artists. The levy covers analog and digital tapes and discs, and was expanded in December 2003 to include MP3 players (although coverage of MP3 players was struck down by a court decision in December 2004).

Canada's copyright law stipulates this reciprocity criterion in the distribution of the private copy levy to foreign producers and artists. The United States does not impose a levy on analog tape, but does impose a levy on digital audio recording media and devices, with proceeds being distributed to applicable producers and artists on a non-discriminatory basis, including to Canadians.

The United States regards Canada's reciprocity requirement for both the neighboring rights royalty and the blank media levy as detrimental to U.S. copyright holders. For this reason (and other reasons including Canada's delay in implementing the WIPO treaties) USTR has placed Canada on its Special 301 "Watch List" for the past four years. Canada is authorized under its statute to grant some or all of the benefits of the two regimes to other countries if it considers that such countries grant or have undertaken to grant substantially equivalent rights to Canadians, but it has not granted these benefits to the United States. A growing coalition of technology and retail companies advocating the elimination of the private copy levy have added the levy to the list of copyright issues that will be examined as a part of the ongoing Parliamentary review of the Copyright Act.

U.S. intellectual property owners are concerned about Canada's lax and deteriorating border measures and general enforcement. The lack of *ex officio* authority for Canadian Customs officers makes it difficult for Customs to seize shipments of counterfeit goods. To perform a civil seizure of a shipment under the Customs Act, the right holder must obtain a court order, which requires detailed information on the shipment. However, Canada's Criminal Code allows for a public officer in the course of duty to seize any item discovered to be in violation of the law. For example, Customs can detain suspected counterfeit shipments and contact the Royal Canadian Mounted Police (RCMP), which can then proceed with investigation under criminal law.

Pirated and counterfeit goods include software, CDs, shampoo, and toys, which are often openly displayed in Canadian malls, department stores and chain stores. Of particular concern is the growing number of counterfeit electrical products that pose a significant health and safety risk, potentially compromising the reputation of the rights holder.

The price differential between pirated and legitimate goods, especially software, is significant. The majority of the pirated products are high quality, factory produced products from Asia. Aside from pirated software, many stores sell and install circumvention devices, also made in Asia, that allow pirated products to be played in a legitimate console. Once pirated and counterfeit products clear Canadian Customs, enforcement is the responsibility of the RCMP and the local police. The RCMP lacks adequate resources, training, and staff. Because Canadian laws are inadequate to address IPR issues, few prosecutors are willing or trained to take on the few cases that come up. Where an infringement case has gone to trial, the penalties imposed can be too weak to act as a deterrent, and jail time is rarely imposed. Border enforcement concerns were a major factor in keeping Canada on the Special 301 “Watch List” and for conducting an Out-of-Cycle Review in 2006. U.S. anti-piracy analysts have estimated that Canadian IPR protection weaknesses cost the U.S. economy between $100 million and 500 million annually.

Music File-Sharing

In March 2004, Canada’s Federal Court ruled that downloading music from the Internet using peer-to-peer (P2P) software does not constitute copyright infringement. The court denied a motion to compel Internet service providers (ISPs) to disclose the identities of clients who were alleged to be sharing copyrighted music files. The recording industry appealed the decision and although the appeals court upheld the denial of disclosure of client identities, the denial was without prejudice to file a new application, and the appeals judge clearly stated that the 2004 decision was incorrect to state that P2P file-sharing is legal. The question of whether P2P file sharing is legal in Canada remains unclear. Canadian ratification of the WIPO treaties would help remedy this problem.

Camcording

Unauthorized camcording in Canadian movie theaters is a major source of international DVD piracy. The U.S. motion picture industry has traced more than 170 pirated films to camcording in Canada since 2004. Although camcording with intent to distribute is considered a crime in Canada, the act of camcording in a theater is not a criminal offense. Proving intent can be difficult, and Canadian law enforcement officials are often reluctant to pursue illicit camcording. Amending the Criminal Code to make the act of camcording in a theater a criminal offense would help address this problem.

Audiovisual and Communications Services

In 2003, the Government of Canada amended the Copyright Act to ensure that Internet retransmitters are ineligible for the compulsory retransmission license until the Canadian Radiotelevision and Telecommunications Commission (CRTC) licenses them as distribution undertakings. Internet "broadcasters" are currently exempt from licensing. In 2003, the CRTC confirmed its intention to leave this exemption unchanged.

The Broadcasting Act lists among its objectives, "to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada." The federal broadcasting regulator, the CRTC, implements this policy. The CRTC requires that for Canadian conventional, over-the-air broadcasters, Canadian programs must make up 60 percent of television broadcast time overall and 50 percent during evening hours (6 p.m. to midnight). It also requires that 35 percent of popular musical selections broadcast on radio should qualify as "Canadian" under a Canadian government-determined point system. For cable television and direct to home (DTH) broadcast services, a preponderance (more than 50 percent) of the channels received by subscribers must be Canadian programming services.

Non-Canadian channels must be pre-approved (“listed”) by the CRTC. For other services, such as specialty television and satellite radio services, the required percentage of Canadian content varies according to the nature of the service.

The CRTC also requires that the English and French television networks operated by the Canadian Broadcasting Corporation (CBC) not show popular foreign feature movies between 7 p.m. and 11 p.m. The only non-Canadian films that may be broadcast during that time must have been released in theaters at least two years previously and not be listed in the top 100 of Variety Magazine's top grossing films for at least the previous ten years.

Under previous CRTC policy, in cases where a Canadian service was licensed in a format competing with that of an authorized non-Canadian service, the CRTC could revoke the license of the non-Canadian service, if the new Canadian applicant so requested. This policy led to one "de-listing" in 1995 and has deterred potential new entrants from entering the Canadian market.

In July 1997, the CRTC announced that it would no longer be "disposed" to take such action. Nonetheless, Canadian licensees may still appeal the listing of a non-Canadian service which is thought to compete with a Canadian pay or specialty service, and the CRTC will consider removing existing non-Canadian services from the list, or shifting them into a less competitive location on the channel dial, if they change format to compete with a Canadian pay or specialty service.

Radiocommunication Act

A principal concern of the Canadian Cable Telecommunications Association (CCTA) is the spread of unauthorized use of satellite television services. Industry findings, extrapolated on a national basis, estimated that 520,000 to 700,000 households within cabled areas use unauthorized satellite services. Any survey of the incidence of satellite signal theft outside cabled areas would add to these numbers.

This survey, combined with information obtained through Canadian film producers' investigations and related Internet newsgroups, supports the conclusion that there may be 1 million illegal users of U.S. satellite television systems in Canada, resulting in a significant annual loss to the legitimate satellite television industry. Of this number of illegal users, it is estimated that over 90 percent are involved in the "black market" (i.e., signal theft without any payment to U.S. satellite companies), with the remainder subscribing via "gray market" where the unauthorized user does in fact purchase the signal from a U.S. satellite company for the signal, but only by pretending to be a U.S. resident. Annual losses to the U.S. motion picture industry due to audiovisual piracy in Canada were estimated at $122 million in 2002.

Late in 2003, the Government of Canada (GOC) introduced amendments to the Radiocommunication Act to significantly increase penalties for signal theft and for the sale of unauthorized hardware. This draft legislation expired at the end of the Parliamentary session in November 2003, but was reintroduced in substantially the same form in the past session, which ended in November 2005 with no action.

A Quebec court ruled in October 2004 that the Canadian government's measures to prevent Canadians from subscribing directly to U.S.-origin satellite television services are unconstitutional. The GOC appealed this ruling and a higher court overturned it in April 2005.

Due Diligence

Return to top

Conducting due diligence in screening prospective business partners in Canada is similar to the procedures used in the United States. While commercial fraud is a tiny part of the $1.3 billion daily U.S.-Canada trade in goods and services, nonetheless some U.S. exporters to Canada have been victimized by unscrupulous buyers. In most cases of fraud, money and goods are never recovered. By implementing a solid credit and collection policy as well as verifying the information submitted by potential business partners, U.S. companies can protect themselves from being victims of fraud and suffering monetary losses. The U.S. Commercial Service in Canada offers guidance on how U.S. companies can avoid fraud, conduct their due diligence with partner background checks and find reputable business partners.

Local Professional Services

Return to top

Canada has well-established professions of attorneys, accountants, real estate agents and other business service providers to help U.S. companies new to Canada make contracts, investments and business acquisitions.

However, the use of attorneys for expediting routine business dealings in Canada is far less common than in the United States, and the tendency to litigate disputes is also less common. Nonetheless, U.S. companies should consult with a local attorney when establishing a corporate investment or other presence, or prior to making contractual commitments related to the marketing of products or services. This requirement becomes even more critical in agreements involving copyright, patent, trademark, or other forms of intellectual property protection.

Most large Canadian law firms have partnerships or strong associations with counterpart firms in the United States and are experienced with international business law. Any legal problems or difficulties with Canadian government agencies are likely to be best handled by an experienced local legal representative. The U.S. Embassy and Consulates in Canada provide lists of local attorneys interested in serving U.S. clients over a wide range of commercial and other legal matters.

Web Resources

Return to top

- U.S. Export Assistance Centers
- U.S. Commercial Service Canada
- Corporations Canada
- Provincial Registrars
- Privacy laws
- Canadian trade shows

Canadian Intellectual Property Office

Office québécois de la langue française

Canadian Franchise Association

Canadian Marketing Association

Direct Marketing News

Return to table of contents

Return to table of contents

Chapter 4: Leading Sectors for U.S. Export and Investment

AGRICULTURAL SECTORS

Return to top

The following information on the Canada's market for U.S. agricultural and food products was prepared by the Foreign Agricultural Service at the U.S. Embassy in Ottawa. For further information and for assistance in marketing U.S. agricultural and food products in Canada, U.S. exporters should contact:

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Canada is the top market for U.S. food and agricultural product exports. In 2005, U.S. agricultural exports to Canada reached a record US $10.6 billion and accounted for 17 percent of total U.S. food and farm exports to Canada (US $63.0 billion). Consumer-oriented agricultural products accounted for 77 percent of total U.S. food and agricultural product sales to Canada in 2005, with fresh and processed fruits and vegetables, snack foods, red meats, breakfast cereals, and baked goods as the category leaders. Nearly one-third of all American exports of consumer-oriented agricultural products ($27.0 billion) were destined for Canada.

Total U.S. agriculture, fish and forest product exports to Canada in 2005 ($13.4 billion) exceeded the level exported to the twenty-five European Union member states by US ($4.6 billion) for the same time period. More than half of all U.S. exports of fresh fruits and vegetables ($4.2 billion) are shipped to Canada. And if the provinces of Ontario, British Columbia and Alberta were countries they would rank, respectively, as the 4th (US $6.8 billion), 7th (US $1.5 billion) and 16th (US $620 million) largest individual markets for U.S. agricultural exports. Total bilateral agricultural trade between the United States and Canada reached $22.9 billion in 2005, more than $62 million per day.

Under NAFTA, the majority of U.S. agricultural products enter Canada duty-free. On December 4, 1998 the United States and Canada signed a Record of Understanding (ROU), an agreement to further open Canadian markets to U.S. farm and ranch products. The ROU established the Consultative Committee on Agriculture (CCA) to provide a high-level forum to strengthen bilateral agriculture trade relations between Canada and the United States through cooperation and coordination, and to facilitate discussion on matters related to agriculture between the two countries.

Canadian consumers enjoy a high disposable income, coupled with a growing interest in global cuisine and the country's wide ethic diversity that provides broad food marketing opportunities. Canada's grocery product and foodservice trade have been quick to seize opportunities under NAFTA by expanding their geographical sourcing area to include the United States. The familiarity and confidence in Canadian based U.S. chains (hotels, restaurants and fast food) have helped to increase the demand for high-value U.S. foods. Since U.S. food products match Canadian tastes and expectations there have been significant gains in the Canadian market for US consumer-ready foods.

On the basis of current market trends and conditions, the following sectors are considered to be best prospects for US exports of food and agricultural products to Canada:

1. Foodservice
2. Organic Food
3. Fresh Vegetables
4. Snack Foods
5. Ethnic Food
6. Red Meats
7. Fruit and Vegetable Juices
8. Wine

The markets for these best prospects are analyzed below.

1. Foodservice

Canada's dynamic foodservice sector is a US $44 billion a year industry representing about 4 percent of the Canadian economy. Every day, millions of consumers, tourists and business travelers enjoy the hospitality provided by Canada's 63,300 restaurants and bars, cafeterias, snack bars, and caterers. In addition, the institutional and accommodation foodservice sector is expanding. Sales of U.S. food products to Canada's foodservice industry continue to increase, reflecting similar consumer demand patterns and interaction between their American raw product suppliers and U.S. fast food franchises in Canada. A highly efficient truck-based transportation and distribution system allows the Canadian foodservice industry to procure U.S. food product offerings directly from U.S. manufacturers in a timely fashion. Regional differences continue to shape the industry. According to studies, Quebec residents are more than twice as likely to visit fine dining establishments as Canadians in other provinces, while British Columbians boast the highest per capita food service spending.

1	Foodservice			
		2004	2005	2006 estimated
A.	TOTAL MARKET	35,900	40,200	43,500
B.	TOTAL LOCAL PRODUCTION	32,675	36,575	39,525
C.	TOTAL EXPORTS	475	500	525
D.	TOTAL IMPORTS	3,700	4,125	4,500
E	IMPORTS FROM THE U.S.	3,600	4,000	4,350

Figures in millions of U.S. dollars

Sources: Statistics Canada, World Trade Atlas, and unofficial estimates

2. Organic Food

The annual retail market for organic food in Canada is estimated at US$2.6 billion, with imports, mostly from the United States, accounting for 85-90 percent of the products sold at retail. The organic market represents approximately 2.0 percent of total Canadian retail food sales. The majority of Canadian produced organic products are exported as bulk grain and oilseed products. As a result, the Canadian market relies on U.S. organic food suppliers for the majority of fresh and processed organic foods. Canadian studies show that the market for organic food in Canada is growing at 15-20 percent per year. The proportion of Canadians who regularly purchase organic foods is steadily increasing and virtually every major supermarket chain offers organic produce and other prepackaged organic items. Several U.S. based organic retailers have recently opened stores in Canada's largest cities, and a major U.S. mass-market retailer has plans to include an organic food section in each of its three super stores by 2007. The trend to expanding organic food retailing in Canada is expected to result in strong gains for sales of U.S. organic foods in Canada. The U.S. organic industry is well poised to capitalize on the increasing demand for organic foods in Canada.

2	Organic Food			
		2004	2005	2006 estimated
A.	TOTAL MARKET	2,110	2,320	2,630
B.	TOTAL LOCAL PRODUCTION	260	280	300
C.	TOTAL EXPORTS	50	60	70
D.	TOTAL IMPORTS	1,900	2,100	2,400
E	IMPORTS FROM THE U.S.	1,810	2,000	2,300

Figures in millions of U.S. dollars

Sources: Agriculture and Agri-Food Canada and unofficial estimates

3. Fresh Vegetables

U.S. exports of fresh vegetables to Canada are projected to reach a record US $1.3 billion in 2006, making Canada the number one market for American exports in this product category. On a per capita basis, Canada has one of the highest consumption rates of fresh vegetables in the world. Increased numbers of meals away from home and wider awareness of healthy eating habits have resulted in greater year-round demand in the foodservice sector for fresh vegetables from the United States. Demand for U.S. vegetables is also enhanced due to the short Canadian domestic growing season for vegetables in Canada's northern climate. In recent years, Canadian immigration has been dominated by new arrivals from Asia, where traditional dietary habits also include large amounts of fresh vegetables. Under NAFTA, American fresh vegetable exports enter Canada duty free. A modern transportation and wholesale dealer network provides Canadian buyers with prompt delivery.

3	Fresh Vegetables			
		2004	2005	2006 estimated
A.	TOTAL MARKET	2,200	2,400	2,600
B.	TOTAL LOCAL PRODUCTION	1,525	1,600	1,710
C.	TOTAL EXPORTS	725	775	810
D.	TOTAL IMPORTS	1,400	1,575	1,700
E	IMPORTS FROM THE U.S.	1,062	1,199	1,290

Figures in millions of U.S. dollars

Sources: Statistics Canada, and unofficial estimates

4. Snack Foods

The value of Canada's snack food market in 2006 is estimated at US $3.8 billion. It is highly concentrated and includes both Canadian national and regional companies, as well as multinational firms. In the salted snack food segment, potato chips account for more than half of the local production of snack foods. U.S. snack foods (salted and sweet snacks) are the third most important high value food category exported to Canada after fresh vegetables and fresh fruits. During 2006, U.S. exports of snack foods to Canada are estimated to exceed US $1.0 billion level for the first time. U.S. salted snack food exports to Canada include popcorn, corn chips, potato chips, and other savory snack foods while the sweet snack food category is comprised of chewing gum, sugar candy and chocolate confectionery, cookies, waffles, crisp breads, and other biscuit and baked snack products.

4	Snack Food			
		2004	2005	2006 estimated
A.	TOTAL MARKET	3,500	3,600	3,800
B.	TOTAL LOCAL PRODUCTION	2,705	2,775	2,985
C.	TOTAL EXPORTS	320	340	365
D.	TOTAL IMPORTS	1,115	1,165	1,180
E	IMPORTS FROM THE U.S.	853	906	1,025

Figures in millions of U.S. dollars

Sources: Agriculture and Agri-Food Canada, World Trade Atlas, and unofficial estimates

5. Ethnic Foods

The ethnic food market is an increasingly important sub-sector of the Canadian retail food market. Since the mid-1980s, the Canadian immigration pattern has seen a shift from immigration of predominantly European origin to that of immigrants from Asia, Southeast Asia, the Middle East and Africa. As a result, the ethnic food market in Canada has expanded rapidly, generating food sales estimated at about US $6.5 billion during 2006. At retail, ethnic foods are sold in specialty shops and in major grocery chains, which are rapidly increasing their shelf space allocations for ethnic foods. In addition, the food preparation and buying habits of new immigrants has tremendously impacted the Canadian foodservice industry, which has been so successful in introducing ethnic foods to the mainstream population, that many of the foods are now commonplace in the large retail chain stores frequented by Canadian shoppers in general. According to a report by the federal department of agriculture in Canada, the foodservice industry has helped Chinese, Japanese and Thai foods gain wide acceptance, and other Asian foods are not far behind. Recent trends have also shown that Caribbean, African, Mediterranean food, halal, and kosher markets have an increasing consumer base. Canada has the sixth largest Jewish population and kosher foods in Canada have shown increased interest by Muslims, Seventh Day Adventists, Jehovah Witnesses, vegetarians and people who are lactose intolerant. U.S. food manufacturers and suppliers are well positioned to exploit the increasing demand for ethnic foods in Canada.

5	Ethnic Foods			
		2004	2005	2006 estimated
A.	TOTAL MARKET	5,300	5,800	6,400
B.	TOTAL LOCAL PRODUCTION	4,000	4,500	5,000
C.	TOTAL EXPORTS	400	500	500
D.	TOTAL IMPORTS	1,700	1,800	1,900
E	IMPORTS FROM THE U.S.	725	800	900

Figures in millions of U.S. dollars

Sources: Agriculture and Agri-Food Canada and unofficial estimates

6. Red Meats

U.S. sales of fresh or frozen red meats to Canada reached record values during 2006 and are poised for additional gains through 2007. The dynamics of North American beef trade were altered sharply following the detection of a case of bovine spongiform encephalopathy (BSE) in Canada in May 2003. Since that time, Canada's beef industry has focused on dealing with a higher than normal cattle inventory that has impacted the mix of Canadian cattle slaughtered by Canadian beef packers. Canada regained access to the U.S. market for certain live cattle in mid-2005 and renewed live cattle exports combined with other factors have led to reduced beef processing in Canada. As a result, demand for U.S. beef in Canada has increased sharply, particularly in central Canada. Challenges facing Canada's hog and pork sector are also reducing Canadian domestic hog slaughter. The recent strength in the value of the Canadian dollar has resulted in growing interest in U.S. pork and sales to Canada are expected to reach record levels.

6	Red Meats, Fresh/Frozen			
		2004	2005	2006 estimated
A.	TOTAL MARKET	7,000	7,600	7,250
B.	TOTAL LOCAL PRODUCTION	9,612	10,415	9,390
C.	TOTAL EXPORTS	3,037	3,465	2,980
D.	TOTAL IMPORTS	425	650	840
E	IMPORTS FROM THE U.S.	290	455	675

Figures in millions of U.S. dollars

Sources: Statistics Canada, World Trade Atlas, and unofficial estimates

7. Fruit and Vegetable Juices

Imports of fruit and vegetable juices from the United States in 2005 were a record $379 million, posting a more than 11 percent increase over the 2004 level. U.S. exports of fruit and vegetable juices captured two-thirds of the Canadian import market in 2005. Canada is heavily dependent on imports of fruit and vegetable juices (fresh and frozen) to meet total market demand. Strong U.S. sales gains have been made in the mixed juice categories. Overall, orange juice is the market leader, with apple and grape sharing about 25 percent of total juice sales. Best prospects include the retail market segment, custom retail packaging for Canadian distributors, and new products and blends in new packaging.

7	Fruit and Vegetable Juices			
		2004	2005	2006 estimated
A.	TOTAL MARKET	1,100	1,200	1,290
B.	TOTAL LOCAL PRODUCTION	645	693	700
C.	TOTAL EXPORTS	65	63	60
D.	TOTAL IMPORTS	520	570	650
E	IMPORTS FROM THE U.S.	340	379	440

Figures in millions of U.S. dollars

Source: World Trade Atlas, and unofficial estimates

8. Wine

Imports account for approximately 70% of the total Canadian wine market, which Statistics Canada reports was valued at $ US 3.5 billion, a figure based on sales by Canadian liquor authorities and their sales agents, but not including the value of served beverages by other business establishments. Despite strong competition from French, Australian and Italian wines, U.S. wines captured approximately 12% of total Canadian imported retail wine sales during 2006. Red wine is the most popular import, accounting for about 80% of imported wines. The increased purchasing power of the Canadian dollar and general economic prosperity in the most populated provinces resulted in an increased consumer demand for wine. In fact, in Alberta, the energy sector-related economic boon vaulted total wine sales in that province by almost 30% above the year earlier level. According to a recent study by Statistics Canada, the value of total wine sales in Canada surpassed spirit alcohol sales for the first time during 2005. Red wines accounted for 54% of all sales of wines in Canada, while white wines captured 32% of the market. The balance was vermouth, champagne, etc.

8	Wine			
		2004	2005	2006 estimated
A.	TOTAL MARKET	3,250	3,490	3,650
B.	TOTAL LOCAL PRODUCTION	994	1,069	1,120
C.	TOTAL EXPORTS	19	22	25
D.	TOTAL IMPORTS	2,275	2,443	2,555
E	IMPORTS FROM THE U.S.	390	419	438

Figures in millions of U.S. dollars

Source: Statistics Canada, World Trade Atlas, and unofficial estimates

Return to table of contents

Overview

Return to top

The Automotive Aftermarket sector is the largest retail sector in Canada ahead of clothing, food, furniture, and pharmaceuticals. The automotive aftermarket encompasses production, re-manufacturing, distribution and retailing of replacement parts, tools, equipment, accessories, chemicals and services used to repair and replace automotive parts and components after their initial production. Using the NAICS codes, Statistics Canada estimates the retail value of the automotive aftermarket in 2005 at US$19.6 billion. The Automotive Aftermarket market will experience an average annual real growth rate of around 3 percent forecast through 2008.

The need for replacement parts/service and service equipment will continue to drive the aftermarket as vehicles originating in the record vehicle sales years of 1999-2003 make their way into their prime aftermarket years. Of the 19,042,696 million vehicles in operation in 2005, 38 percent are in their traditional aftermarket years, (between 6-12 years). U.S. suppliers of automotive parts, accessories, performance and appearance products, garage tools, diagnostic service and repair equipment, among others, will continue to find lucrative export opportunities in the Canadian automotive aftermarket.

Despite competition from international competitors, such as the growth in automotive parts manufactured in China, the United States continues to be Canada's principal supplier of automotive aftermarket parts and accessories accounting for 86 percent of the total Canadian automotive parts market in 2005. This pattern is expected to continue and will be bolstered by Japanese and European aftermarket parts as foreign manufacturers increase production in the United States.

Automotive employment in Canada totaled 881,500 in 2005, a decrease of 1 percent from 2004 of which 45.9 percent were in the automotive aftermarket sector, a key indicator of the stability of the automotive aftermarket in Canada.

Source: Industry Canada, Automotive Association of Canada (AIA), Desrosiers Automotive Consultants Inc.

Best Products/Services

Return to top

U.S. suppliers and manufacturers are in the best possible position to take advantage of the automotive aftermarket parts and accessories market in Canada. Best prospects will be tied to mechanical products, which include non-electrical/electronic engine hard parts and chassis, drive train, suspension parts and components, electronic parts and components, and light emitting diode (LED) lighting. Products that address fuel-efficiency in vehicles will also offer good potential as gasoline prices continue to be a concern for consumers in Canada. Efficiency and environmentally driven automotive technology as well as computer-based technology will continue to lead the way in the automotive aftermarket.

Opportunities

Return to top

The province of Ontario offers the largest automotive aftermarket retail potential followed by Quebec, the Prairie Provinces, British Columbia and the Atlantic Provinces.

Resources

Return to top

Automotive Industries Association of Canada (AIA)- www.aiacanada.com
Automotive Aftermarket Industry Week- Las Vegas, Nevada – November 2007 – www.aaiwshow.com
Industry Canada, Automotive Branch – http://strategis.ic.gc.ca/atb
Desrosiers Automotive Consultants Inc - www.desrosiers ca
U.S. Commercial Service Toronto Automotive Specialist – madellon.lopes@mail.doc.gov

Electrical Power Systems (EPS) 2

Overview Return to top

	2004	2005	2006 (estimated)
Total Market Size	13,583	13,688	14,100
Total Local Production	10,430	10,332	10,500
Total Exports	6,258	6,553	6,600
Total Imports	9,411	9,621	10,200
Imports from the U.S.	5,552	5,621	6,200

(Millions of U.S. dollars; unofficial estimates; exchange rate: US $1.00 = CDN $1.18)

The electrical power systems equipment market in Canada consists primarily of power boilers and heat exchangers, turbine and mechanical power transmission equipment, electric transformers, electric switchgear, protective equipment, and energy wire and cables. The market was valued at US $14.1 billion in 2006. U.S. equipment has a 44 percent share of the total market, and a 61 percent share of imports. Industry analysts predict that this sector will increase by 2.5 percent through 2007, with U.S. imports growing 1.5 percent. Approximately 60 percent of Canada's electrical generation capacity of 117 million kilowatts is hydroelectric power, 30 percent thermal, primarily coal-fired, and 10 percent nuclear. Quebec and Ontario are the largest producers of electricity in Canada.

New and replacement capacity of 18,000-23,000 MW will be required by 2010. The exploration of hydropower, coal and gas resources will continue to be important as additional sources of electricity capacity are built. Deregulation and integration in Canada's electrical power industry are also contributing to increased investment. In addition, the growing use of co-generation and gas turbines has raised the demand for turbines, boilers, and transformers. There is also strong interest in technologies such as wind power, solar power, fuel cells, biomass, combined cycle gas, and integrated coal gasification, and environmental technologies for coal-fired power plants.

Best Prospects/Services Return to top

Best prospects for U.S. sales are turbines, power transmission equipment and boilers.

Opportunities Return to top

Manitoba: Conawapa Generating Station, a 1,380 MW project; in-service date of 2017
Ontario: Niagara Transmission System (high voltage transmission reinforcement)
Alberta: Alberta's many major projects include approximately 20 electric power projects.

Resources Return to top

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Canadian Electricity Association
Canadian Solar Industries Association
Canadian Wind Energy Association
Energy Council of Canada
National Energy Board

Overview

Return to top

	2004	2005	2006 (estimated)
Total Market Size	26,965	29,090	29,584
Total Local Production	27,268	28,872	29,362
Total Exports	7,636	7,967	8,102
Total Imports	7,333	8,185	8,324
Imports from the U.S.	4,598	5,007	5,092

(Millions of U.S. dollars; above statistics are unofficial estimates)

Canada's building products industry is one of the largest and strongest in the country, with a local production estimated value of US$29 billion, and exports reaching US$8.1 billion in 2006. There are more than 5,000 manufacturers of building products in Canada. The Canadian building products industry has developed a worldwide reputation, particularly in the area of wood-based products. Canada also has renowned expertise with products made from steel, concrete and plastic. The building products sector reflects the high priority placed on quality and energy conservation while making efficient use of sustainable resources. Some of the high value-added building products produced in Canada are prefabricated homes, doors, windows, kitchen and bathroom cabinets, hardwood flooring, and insulation products.

According to forecasts released by the Canadian Construction Association (CCA), 2007 will witness the start of a gradual cooling trend in the overall Canadian construction industry, led by a small decline in activity in the residential construction sector.

Overall Canadian construction industry is expected to witness growth of 1.7% in the years 2007, 2008 and 2009. With continuing higher interest rates, the residential construction industry is expected to post a small decline of 0.1%, following a decline in 2006 of 1.1%. The recovery in the residential construction sector is expected in 2008, with expected growth of 1.3%, and 2.3% growth in 2009.

The non-residential construction industry will come off a boom year in 2006. The non-residential sector is expected to record growth of 7.2% in 2006, but that will moderate to 3.2% in 2007. The non-residential sector is expected to progressively cool in the years ahead, with strong growth expected of 2.2% in 2008, 1.2% in 2009, and then drop by 0.3% in 2010.

Within the non-residential sector, the leading sub-sectors will include engineering construction and industrial construction in 2007, following on strong gains expected to be made by both of these sub-sectors in 2006. Both commercial and institutional / government construction are expected to post gains in 2007.

Growth in construction related to the development of resource sector assets will continue to be strong in western Canada. Repair construction will remain constant in 2007 and will also outperform new residential construction.

Canada represents the largest export market for U.S. building products manufacturers. U.S. exports of building products to Canada will continue to dominate Canada's total import market for building products in 2007 and beyond but will continue to lose import market share to China. In recent years the U.S.-Canada exchange rate stabilized with the value of the Canadian dollar, so that American-made products are now more price-competitive in the Canadian market.

The success of U.S. building products suppliers in Canada reflects the advantages that U.S. manufacturers enjoy over third-country suppliers, including geographic proximity, similar quality demands and channels of distribution, and duty and tariff-free access under NAFTA.

Best Products/Services

Return to top

Industry experts predict a stable Canadian economy in 2007 and steady construction activity, albeit slower in the residential construction segment. Engineering, non-residential building construction and repair construction will continue to fuel demand for U.S. building products in Canada in 2007.

Opportunities

Return to top

Ontario is Canada's largest building products market given its population and number of industries located in this province. However, there are other regions of Canada that should not be ignored given the projects or special events that will increase the number of construction projects that have already started or that are being contemplated. In 2010, Vancouver will host the Olympic and Paralympic Winter Games. More than US$7 billion dollars worth of projects directly and indirectly related to the 2010 Olympics are now underway, so it is critical to establish key business relationships in British Columbia immediately in order to take advantage of the bonanza of opportunities for U.S. manufacturers of building products that have been created as a result of 2010 Olympics.

A booming economy in Alberta and migration inflows will result in continued high growth in housing starts in that province. Canada is the world's 3rd largest producer of natural gas, and 9th largest producer of crude oil. The oilsands of Alberta contain 175 billion barrels of proven reserves, second only to Saudi Arabia. Planned energy investments in Alberta exceed $100 billion in the next 15-20 years with many spin-off construction and infrastructure projects on-going or being planned, which will increase demand for U.S. building products.

Resources

Return to top

www.cca-acc.com
www.chba.ca

Overview

Return to top

The Canadian Plastics industry is one of the largest in Canada based on dollar value of shipments, and is ranked 4th behind Motor Vehicles, Petroleum Refineries and Motor Vehicle Parts. It is also ranked #1 by employment. Valued at US$42.3 billion in 2005, the plastics industry encompasses four main segments as follows: processors (manufacturers of plastic products); resins; tool, die and mold makers, and machinery. The Canadian plastics market is estimated to grow at an annual real rate of 2-3 percent in 2007 and beyond.

The Canadian Plastics market by value and share of each segment is broken down as follows:

Canadian Plastics Market 2005 – in US$

Segment	Dollar Value	Share of Plastics Market
Processors	$32 billion	75.7%
Resins	$7.1 billion	16.9%
Tool, Die & Molders	$2.1 billion	4.9%
Machinery	$1.1 billion	2.5%

From consumer to industrial products, plastics are used in virtually every industry sector and continue to displace other materials such as paper, glass, metal, steel and concrete. The largest segment of plastic usage is the packaging industry (34 percent), followed by the construction industry (26 percent) and the automotive industry (18 percent). Electronics and furniture account for around 5 percent and other industries 12 percent.

In 2005, the Canadian plastics industry employed approximately 171,380 in 3,757 establishments and generated shipments valued at US$32.5 billion. Ontario accounts for 57% of total establishments, followed by Quebec with 26 percent, British Columbia with 6 percent, Alberta with 5 percent, Manitoba 2 percent and Saskatchewan 1 percent. In 2005, plastic processors in Ontario shipped US$21.9 billion worth of goods, which amounts to 55 percent of Canada's total shipments.

The U.S. continues to be Canada's principal supplier of plastics followed by China, with less than 10 percent, and Germany and Taiwan. Trade is heavily skewed toward the United States, which accounts for 93 percent of Canada's exports and 79 percent of imports in 2005. For many products this will always be the case, as transportation costs limit their export to more distant markets.

The dominant position of U.S. suppliers is primarily a function of their proximity to the Canadian market and the preferential duty free access under the North American Free Trade Agreement (NAFTA). In addition, U.S. suppliers have established very reliable distribution and servicing networks in Canada that sustain their dominant position in the market.

U.S. suppliers offering innovative, technologically advanced, environmentally friendly plastic products, components, systems and services that offer quality, durability, and ease of maintenance will continue to find a highly receptive plastics products market in Canada. Companies with vertically integrated product lines that facilitate one-stop shopping also have an added advantage when selling into the Canadian market.

Best Products/Services Return to top

As the Canadian housing market continues to slow so will opportunities for plastic building products. However, with a dynamic renovation market, demand for plastic building products has increased considerably, from windows, siding, roofing systems, and fencing panels to PVC sheets used to replace concrete in backer boards or window borders. In essence, demand exists for every component in the building trade used inside/outside (made with plastic) when it is not structural.

There has been a significant increase in activity with large-diameter (greater than 1,000mm) polyethylene (PE) pipe. To date more than 100 Canadian municipalities have said they are considering large diameter vinyl water mains. PVC products already account for about 85 percent of Canadian sewers and smaller 4-5 inch water mains.

Automotive manufacturers are constantly looking at plastics to help reduce weight in vehicles thereby gaining on savings in fuel efficiency. The automotive electronics market, consisting of connectors, switches, sensors, housings and other essential parts, is changing to reflect new architectural demands in cars requiring more and better-made electrical/electronic parts. In many vehicle lines, space is being minimized while power is being maximized, meaning designers are looking for smaller, thinner electrical/electronic parts often subjected to high heat environments.

The diversity of the plastic products market suggests that plastic components and packaging will continue to be a necessary and increasingly important part of new and developing applications. Opportunities for plastics products are increasing in the aerospace industry for reasons similar to those in the automotive industry, medical industry and consumer electronics industry.

Opportunities Return to top

U.S. Plastics Executive Trade Mission to Canada, April 30, 2007.
www.BuyUSA.gov/Canada
Plast Ex2007 – May 1-3, 2007 www.plast-ex.org
ExpoPlast 2008 – October 2008 - www.expoplast.org

Resources Return to top

Industry Canada - http://www.hc-sc.gc.ca
Canadian Plastics Industry Association - www.cpia.ca
U.S. Commercial Service Toronto Specialist – madellon.lopes@mail.doc.gov

Overview

Return to top

	2004	2005	2006
Total Market Size	6,081	7,200	7,500
Total Local Production	3,820	4,320	4,400
Total Exports	1,280	1,432	1,800
Total Imports	3,541	4,355	4,900
Imports from the U.S.	3,285	4,092	4,200

(Millions of U.S. dollars; unofficial estimates; exchange rate: US $1.00 = CDN $1.18)

Canada is the world's third largest producer of natural gas and the eighth largest producer of crude oil. 45 percent of Oil production comes from massive oil sands reserves in Alberta, 13 percent from Atlantic Canada offshore operations, and 42 percent from traditional drill and gush operations. Undeveloped natural gas deposits are primarily located in Alberta, British Columbia and Saskatchewan. In 2006, Canadian producers are expected to drill 24,500 wells (includes dry and service), 17,700 gas wells and 4,200 conventional oil wells. Total capital investment of approximately US $40 billion is forecast on exploration, development and field equipment, over 80 percent of which will be on conventional and oil sands development in Alberta. U.S. imports hold a 56 percent market share, constitute 86 percent of imports, and are expected to grow three percent in 2007. U.S. equipment is recognized for its quality, technological benefits and reputable after-sales-service.

Best Prospects/Services

Return to top

Promising subsectors include drilling equipment and well monitoring technology. The best prospects are drill pipes for oil and gas drilling and boring and sinking machinery. Outstanding opportunities exist for providers of exploration, drilling, mining, refining, pipeline environmental, and safety and security equipment and services.

Opportunities

Return to top

Almost all major projects in the Western Canadian Sedimentary Basin and the Canadian Oil Sands such as the Natural Resources Limited Horizon project are listed on the Alberta Government major projects website. The oil and gas industry periodically hosts activity and procurement opportunity sessions. The $4 billion MacKenzie Gas Project to build a gas pipeline from the Northwest Territories also has good procurement potential.

Resources

Return to top

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Natural Resources Canada
Canadian Association of Petroleum Producers
World Petroleum Council
Petroassist

Trade shows: Go-Expo Petroleum Show
http://www.buyusa.gov/canada/en/goexpopetroleumshow2007.html

Overview

Return to top

	2004	2004	2005	2006
Total Market Size	9,121	9,121	9,512	9,682
Total Local Production	3,969	3,969	4,139	4,213
Total Exports	1,539	1,539	1,605	1,634
Total Imports	6,691	6,691	6,978	7,103
Imports from the U.S.	3,635	3,635	3,791	3,904

(Millions of U.S. dollars; above statistics are unofficial estimates; exchange rate: US $1.00 = CDN $1.12)

The Canadian computer hardware and peripherals market is estimated to be worth US$9.68 billion in 2006, growing at a real rate of 1.8 percent over 2005, when the market was valued at US$9.5 billion. At a value of US$7.1 billion, imports account for nearly three quarters of Canadian domestic demand for computer hardware and peripherals. U.S. suppliers lead the way in imports of computer hardware and peripherals to Canada, with a total import market share of 55 percent.

Canada’s technological infrastructure is second only to that of the United States and ranks above or very close to the US in terms of number of internet users and computers per capita. IT is once again viewed as a significant source of competitive advantage over other companies, or is a steady contributor to ongoing operational capabilities.

Good opportunities will exist in the SMB (small-medium sized businesses) sector, Canada’s largest segment of the economy, particularly for security appliances driven by the popularity of wireless networking as an easily deployed and scalable alternative to wired infrastructures by SMBs.

Other market drivers for computer hardware are entry-level servers, increased storage needs and the development and adoption of products that enable seamless transition between WANs and Local Area Networks (LANs). Growth in server and storage space will also be driven by increasing demand for blade servers and more attention being paid to regulatory compliance statutes such as PIPEDA (Personal Information Protection and Electronic Documents Act) and Sarbanes-Oxley in the U.S., both of which demand greater hardware resources.

The upcoming release of Microsoft Windows Vista and Microsoft’s new office suite, Office 2007, will both drive upgrades of home and commercial users, as systems requirements will have increased.

American companies are expected to remain the primary suppliers of computer hardware and peripherals to Canada. In fact, in this sector, Canada runs a trade deficit with the United States. U.S. companies with competitively priced products, effective distribution channels, and strong customer service programs can expect to profit from continued growth in the computer hardware and peripheral market in Canada.

Best Products/Services Return to top

847150 - Digital Processing Units
847149 – Digital Automatic Data Processing Units, Entered as Systems

Opportunities Return to top

LinuxWorld & NetworkWorld Conference & Expo
Toronto, Canada April, 2007
The key trade show and conference for management and IT professionals.

InfoSecurity Canada
Jun 12 – June 14, 2007, Toronto, Ontario
The conference brings together professionals interested in IT Security with suppliers of security products and solutions.

GTEC Week
October, 2006
Ottawa, Ontario, Canada

For more information, please contact viktoria.palfi@mail.doc.gov

Resources Return to top

www.itac.ca
www.cata.ca
http://www.cio.gov.on.ca/scripts/index_.asp

Computer Software (CSF) 7

Overview

Return to top

	2004	2005	2006
Total Market Size	5,115	5,304	5,500
Total Local Production	2,671	2,769	2,871
Total Exports	1,826	1,893	1,963
Total Imports	4,270	4,428	4,592
Imports from the U.S.	3,281	3,402	3,528

(Millions of U.S. dollars; above statistics are unofficial estimates; exchange rate: US$ 1.00 = CDN $1.12)

The Canadian computer software market is estimated to be worth US$5.5 billion in 2006, growing at an average annual real rate of 3.7 percent over 2005. Growth in this segment is solid. Canada's software market is largely satisfied by imports, 76 percent of which originate in the United States.

The software market in Canada is an important segment of Canada's ICT sector, and will grow as new platforms emerge in a transitional market. Shrinking margins, technical parity among vendors, and growing interest in open source are factors driving vendors to deeper partnerships with each other.

U.S. companies continue to be the dominant suppliers of computer software to Canada. However, Canada's indigenous computer software industry, benefiting from the lowest manufacturing costs in the G-7, has developed strong companies that have achieved international recognition as market leaders in their respective product niches, including: data and document management; network management; customer relationship management (CRM); digital media; and middleware.

Canadian organizations are still spending on software applications that show a tangible ROI and that are essential to the core operational competencies. Those who are buying are looking to maintain what is installed and are looking at integrated and managed solutions. Software applications that integrate front and back office functions to merge the value-creation side of the business with the value-counting side of the business are in demand, as are programs that align operations with customers' buying habits. Specifically, applications such as CRM, enterprise resource planning, content management, website development, and maintenance applications that help reduce costs have good sales prospects.

Financial services, healthcare and life sciences, the consumer products industry and the

SMB (small-to-medium-sized business) are going to offer the greatest opportunities for U.S. suppliers.

The upcoming release of Microsoft Windows Vista and Microsoft's new office suite, Office 2007, will both drive upgrades of home and commercial users, as systems requirements will have increased.

Best Products/Services

Return to top

852431-99- Software on recorded media

Opportunities

Return to top

LinuxWorld & NetworkWorld Conference & Expo
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Resources

Return to top

www.itac.ca
www.cata.ca
http://www.cio.gov.on.ca/scripts/index_.asp

Overview

Return to top

	2004	2005	2006	% Annual Growth Forecast 2007-2008
Total Market Size	3880	4379	4895	12
Total Local Production	1824	2124	2352	11
Total Exports	507	638	702	10
Total Imports	2563	2893	3245	12
Imports from the U.S.	1465	1623	1820	12

(Millions of U.S. dollars; unofficial estimates; exchange rate: US $1.00 = CDN $1.18)

Demand in the category of diagnostic equipment is expected to lead the growth in sales of modern and cost-efficient medical equipment over the next three years in Canada. The average real growth during that period should be between 10 and 15 percent. The bulk of new demand for diagnostic equipment is for imaging technologies, including MRI (magnetic resonance imaging) and CT (computed tomography). Medical equipment purchased by Canadian public health institutions accounts for over 70 percent of the total medical equipment and supplies market. Demand from private sector clinics, particularly for diagnostic equipment should be on the rise.

The use of medical devices is strictly regulated in Canada. Health Canada's Therapeutic Products Program (TPP) ensures the safety and effectiveness of medical devices, which are classified into four categories depending on the level of potential risk to the patient. Class I represents devices that pose the least risk while Class IV pose the highest risk.

US firms maintain a dominant position as suppliers to the Canadian market, which is reflected by the following recent statistics concerning device licenses issued by Health Canada: 68% go to US companies, 9% to Canadian companies, 8% to German companies, 3% to Britain, 2% to France and 10% to all other countries combined.

Best Products/Services

Return to top

HS 901813 - Magnetic Resonance Imaging Apparatus
HS 902212 - X-Ray Equipment Computed Tomography

Opportunities

Return to top

U.S. Medical Technologies companies wanting to develop new sales in Canada, benefit from access to numerous business facilitation programs offered by U.S. Commercial Service year-round. Contact Pierre Richer for the latest opportunities and information on programs at: **Pierre.richer@mail.doc.gov** Phone: 514 908-3661

Resources

Return to top

http://www.hc-sc.gc.ca

Through its administration of the Canada Health Act, Health Canada is the agency committed to maintaining the country's public health insurance system which is universally available to permanent residents, comprehensive in the services it covers, accessible without income barriers, portable within and outside the country and publicly administered. Each province and territory administers its own health care plan.

For more information, please contact industry sector coordinator, Pierre Richer, at 514 908-3661 or **Pierre.richer@mail.doc.gov**

Overview

Return to top

	2004	2005	2006
Total Market Size	4,020	4,141	4,360
Total Local Production	3,172	3,420	3,625
Total Exports	1,952	1,362	1,389
Total Imports	2,800	2,083	2,124
Imports from the U.S.	2,153	1,400	1,470

(Millions of U.S. dollars; unofficial estimates; exchange rate: US $1.00 = CDN $1.18)

Canada has the crucial ingredients for leading the world's agriculture industry: a clean environment, temperate climate, plentiful natural resources, a strong economy, and high standards for food inspection and regulation. One of the oldest sectors of the economy, it accounts for over 8 percent of the Canadian GDP and has become one of the country's most dynamic and innovative industries.

Improving commodity prices have shown limited impact on the agricultural machinery and equipment market. The trend toward diversification of crops and the need to meet worldwide food demand have farmers planting more land but are cautious when buying equipment. The market size for the sector in 2005 will exceed US$4 billion with American suppliers meeting roughly one-third of demand. Industry sources predict the sector will grow at a moderate annual rate of approximately three percent through 2006. Growth can be attributed to rising worldwide demand, as well as decisions by food processing companies to build and expand factories and to introduce new product technologies.

The agricultural machinery and equipment market is highly competitive in terms of price and technology. Companies with significant competitive advantages, such as the latest state-of-the-art technologies and excellent after-sale service, will find good sales and market opportunities in Canada.

Expanding row and crop farming is driving the need for smaller technology equipment to serve Canadian farmers diversifying from dry land farming to increase pulse and vegetable crops. Equipment with good sales potential would be spraying equipment, as well as seeders, planters and transplanters.

Best Products/Services

Return to top

HS 842481 – Mechanical appliances for projecting, dispersing or spraying liquids/powders for agri/horticulture
HS 843230 – Seeders, planters and transplanters

Opportunities

Return to top

Agri-Trade International Exposition, November 7-10, 2007
U.S. Commercial Service is offering the Gold Key Service at this busy show, one of Western Canada's premier trade events for agricultural machinery and equipment. This trade show offers an excellent opportunity to expand market share and develop a formal business relationship with Canadian distributors looking for new product lines to carry. Contact Crystal Roberts for more information crystal.roberts@mail.doc.gov

Canadian International Farm Equipment Show, February 5-7, 2008
U.S. Commercial Service is offering the Gold Key service at CIFES, which ranks as the fourth largest tradeshow in Canada and is among the biggest farm equipment shows in North America. Contact Crystal Roberts for more information crystal.roberts@mail.doc.gov

Resources

Return to top

www.agr.gc.ca - Agriculture & Agri-Food Canada
www.aic.ca - Agricultural Institute of Canada

Overview

Return to top

		2004	2005	2006
A.	TOTAL MARKET SIZE	1,577	1,675	1,870
B.	TOTAL LOCAL PRODUCTION	1,190	1,246	1,390
C.	TOTAL EXPORTS	228	247	273
D.	TOTAL IMPORTS	615	676	748
E.	IMPORTS FROM THE U.S.	468	505	559

(Millions of U.S. dollars; unofficial estimates; exchange rate: US $1.00 = CDN $1.12)

Sales of U.S. manufactured water resource equipment to Canada are expected to show real growth of 5% - 10% for 2007 - 2008. Canada has an estimated 700, mostly small and medium-sized water and wastewater firms with annual sales of products and services totaling more than $1.6 billion. Based on dollar value, US companies account for approximately 75% percent of all imported water treatment products.

Since the regulation of water treatment is a provincial responsibility, the Canadian market is best addressed through the provincial jurisdictions, each having its own set of regulations. Of those, Ontario represents the largest market, with 645 municipal water treatment plants. At least 25 percent of all environmental goods sold in Canada in 2006 were directly related to some type of water treatment or distribution product. Investments in wastewater and water distribution infrastructure are expected to sustain the overall value of the market in 2007. For the longer term, recent legislation such as Ontario's Clean Water Act directed to source protection is expected to generate demand for new products as regulations are implemented.

The key to success in the Canadian water resources market is being prepared and organized for opportunities before tenders or other notices are released. When new-to-market U.S. companies are evaluating likely business partners in Canada, care must be taken to ensure that the Canadian firm adequately covers all regions of interest.

Best Products/Services

Return to top

Products for the upgrading of water treatment facilities, both potable & wastewater, monitoring, testing and control equipment; collection/distribution products and software.

Opportunities

Return to top

There are no special infrastructure projects of note.

Resources

Return to top

U.S.C.S. Canada, Sr. Commercial Specialist, Richard Vinson:
Richard.Vinson@mail.doc.gov
2007 Canadian Water & Wastewater Calendar - National & Regional Events
Strategis Canada - Environmental Affairs - Water & Wastewater Technologies

Overview

Return to top

	2004	2005	2006
Total Market Size	1,335	1,408	1,602
Total Local Production	588	597	585
Total Exports	368	434	462
Total Imports	1,115	1,245	1,479
Imports from the U.S.	338	411	425

(Millions of U.S. dollars; unofficial estimates; exchange rate: US $1.00 = CDN $1.18)

Security concerns throughout the world since the attacks of September 11, 2001 continue to fuel the demand for commercial security equipment in Canada. Industry sources report that, currently, the total market in Canada is valued at approximately USD$1.6 billion. Since Canadian companies focus on export, the total import market represents 92 percent of total market demand and U.S. imports of USD $425 million represent 29 percent of the total import market. The size of the Canadian market for security products and services to protect commercial buildings and facilities is predicted to grow 8-12 percent in 2007 to approximately USD$1.8 billion. While the market includes locks, keys, and alarm systems, the growth in the market will continue to be in electronic physical access control systems, led by biometric, smart card and other non-contact technology together with software that can be used to secure both physical access to facilities and access to data stored on computers.

The increasing importance of security in day-to-day business operations has generated new security challenges for corporations across all industry sectors. The Canadian government has recommended that corporations, airports, hospitals, and other organizations implement advanced security technologies to improve safety, and has allocated significant resources to the procurement of these technologies. Advanced American security technology has allowed U.S. firms to offer products that are more efficient and effective relative to comparable Canadian equipment. As the demand rises, U.S. firms will have substantial competitive advantages in the Canadian market for commercial security equipment.

Best Products/Services

Return to top

Major product subsectors include access controls, alarms, biometric equipment identification and smart cards.

Opportunities

Return to top

U.S. Safety and Security companies wanting to develop new sales in Canada benefit from access to numerous year-round business facilitation programs offered by the U.S. Commercial Service. Contact Connie Irrera for the latest opportunities and information on programs at: connie.irrera@mail.doc.gov Phone: 514 908-3662

Resources

Return to top

U.S.C.S. Canada commercial specialist Connie Irrera: connie.irrera@mail.doc.gov
U.S.C.S.Canada's Trade Americas Security Exhibition
APCO International Annual Conference 2006
Communications Security Establishment

Franchising (FRA) 12

Overview Return to top

Canada has approximately 80,000 franchises operating nationwide, operating under 900 brand names and contributing US $100 billion to Canada's GDP. Canada is home to the third largest franchise market worldwide and the largest per capita franchise market. Within its vast regional franchise landscape, 85% of the franchises operating in Canada are located in the three most populous provinces, Ontario, Quebec, and British Columbia. Franchising is undergoing an exceptional growth period with a new franchise opening every two hours, totaling approximately 4,300 new outlets in 2005 alone.

Home to many large US based franchises, over 60% of Canadian franchises are the Master Licensees of U.S. franchise systems. Most U.S franchises are successful in Canada once they have correctly adjusted to the Canadian marketplace. U.S franchises benefit from the brand recognition that occurs from Canadian tourists traveling to the U.S.

Below is a small snapshot of industry sectors with the largest number of franchise concepts in Canada.

2005 Franchise Sectors and Average Min Cost per Sector*

Franchise Sector	# Of Franchisors	Average Min Cost
Automotive Products/Services	62	$ 101,917
Business Services	44	$ 73,540
Educational/Training	32	$ 92,527
Dining Rooms/Restaurants	96	$ 429,900
Fast Food	145	$ 155,393
Restoration/Renovation	67	$ 37,102
Retail	101	$ 118,455

Source: Canadian Business Franchise Directory 2005

*Each franchise within each sector has a different minimum investment and maximum investment. The numbers in this table reflect the minimum cost of each franchise.

Best Products/Services Return to top

There are franchises in virtually every industry sector and plenty of room for growth in all sectors such as maid/janitorial services, health care, retail food and beauty products, to mention a few.

Opportunities Return to top

U.S. Franchise concepts interested in entering or expanding their presence in the Canadian market should consider participating in the Canada Wide US Franchise Promotion, June 4-8, 2007. This unique trade promotion event is designed to provide established U.S. franchisors with a first-hand opportunity to become familiar with the Canadian market; establish new and profitable commercial relations; and gain valuable trade and market-related information in this sector.

Resources Return to top

U.S.C.S. Canada commercial specialist Cheryl.Schell@mail.doc.gov

Chapter 5: Trade Regulations and Standards

Import Tariffs

Return to top

Canada's Customs Tariff is published by the Canada Border Services Agency.

Under the North American Free Trade Agreement (NAFTA), the vast majority of U.S.-made products may be imported into Canada duty-free.

Trade Barriers

Return to top

Canada's trade barriers against U.S. products are described in the 2006 National Trade Estimate Report on Foreign Trade Barriers of the U.S. Trade Representative. The report describes a number of barriers to U.S. agricultural exports such as dairy products, eggs, poultry, fresh fruits and vegetables and grains. This practice severely limits the ability of U.S. producers to increase exports to Canada above the Tariff Rate Quota (TRQ) levels. Canada's meager personal duty-free exemption puts a damper on cross-border shopping in the United States. There are provincial market access barriers to the effective marketing of U.S. wine and spirits. Standards barriers affect the fortification of foods such as breakfast cereals, and the size of baby food jars. The U.S. pharmaceutical industry has raised questions about pharmaceutical pricing and patent term protection of drugs. Canada's Copyright Act restricts broadcast royalties due to U.S. artists. There are also substantial limitations in the telecommunications and media fields. Examples include required labeling on videos and DVDs and Canadian content requirements for broadcasters

Supply-Managed Products

Margarine: The Province of Quebec applies coloring restrictions on margarine. In addition, provincial restrictions on the marketing of butter/margarine blends and imitation dairy products limits and, in certain cases, prohibits the sales of these products in many provinces. The provinces of Ontario, Manitoba, and Saskatchewan are challenging Quebec's provincial coloring regulations. An inter-provincial trade dispute panel ordered Quebec to remove its ban on yellow-colored margarine in June 2005, but the province has yet to comply with the ruling, which was supposed to go into effect in September 2005.

Cheese snack foods: Canada is unwilling to resume duty-free trade in cheese snack foods between the United States and Canada. Prior to 1999, cheese snack foods were traded duty-free between the United States and Canada. Canada ceased issuing duty-free import permits on September 1, 2001, and started to apply a tariff of 245 percent on U.S. exports of breaded cheese sticks to Canada. Canada acted in response to a 1999 U.S. Customs Service reclassification of cheese sticks, which subjected U.S. imports to a U.S. TRQ and over-quota tariff. On November 7, 2001, USTR stated that it was prepared to request that the President issue a Proclamation to return duty- and quota-free treatment to Canadian cheese sticks, provided Canada commits to providing the same tariff treatment for imports of similar U.S. cheese snack foods. In early January 2002, the Department of Foreign Affairs and International Trade informed the United States that Canada had no intention of reducing its duties on cheese snack foods or entering into negotiations with the United States.

Processed egg products: The Canadian Egg Marketing Agency operates a dual pricing scheme for processed egg products. Under the regime, the domestic Canadian price for shell eggs is maintained at a level substantially above the world price. Producers are also assessed a levy on all eggs sold, a portion of which is used to subsidize egg exports. This practice artificially increases Canadian exports of egg products at the expense of U.S. exporters.

Fresh Fruits and Vegetables: Canada prohibits imports of fresh or processed fruits and vegetables in packages exceeding certain standard package sizes unless the Government of Canada grants a ministerial easement or exemption. To obtain an exemption, Canadian importers must demonstrate that there is an insufficient supply of a product in the domestic market. The restrictions on bulk goods do not apply to intra-provincial shipments. The import restrictions apply to all fresh and processed produce in bulk containers if there are standardized container sizes stipulated in the regulations for that commodity. For those horticultural products without prescribed container sizes, there is no restriction on bulk imports. The restriction has negative impact on U.S. potatoes, apples, and blueberries. In addition, Canadian regulations on fresh fruit and vegetable imports prohibit consignment sales of fresh fruit and vegetables in the absence of a pre-arranged buyer.

Restrictions on U.S. Grain Exports

U.S. access to the Canadian grain market has been limited partially by Canadian varietal controls. Canada requires that each variety of grain be registered and be visually distinguishable. Because U.S. varieties may not be visually distinct, they are not registered in Canada. As a result, U.S. wheat is sold in Canada as "feed" wheat at sharp price discounts compared to the Canadian varieties. The Canadian Grain Commission (CGC) is currently in the process of introducing a new system called Variety Eligibility Declaration, or VED, which is designed to monitor and control the type of grain that enters the grain handling and transportation system. After extensive consultations on the operational details of the VED system, the CGC is close to making its proposals public.

On September 16, 2005, the Canadian International Trade Tribunal (CITT) and the Canada Border Services Agency (CBSA) launched an official investigation into alleged dumping and subsidization of U.S. grain corn imports into Canada, following a petition filed by the Canadian Corn Growers. On November 15, 2005, the CITT found, in its preliminary decision, that imports of unprocessed corn into Canada are injuring Canadian growers, a decision upheld by the Canadian Border Services Agency (CBSA) on March 15, 2006.

However, the CITT reversed its preliminary decision in a final decision on April 18, 2006 stating that imports of U.S. grain corn are not causing injury and are not threatening to cause injury to Canadian growers. As a result of the negative injury finding, the Canadian investigation will terminate and all provisional countervailing and anti-dumping duties (totaling $1.65 per bushel) collected by CBSA since the November 2005 preliminary ruling will be refunded.

Personal Duty Exemption

The United States has urged Canada to facilitate cross border trade for border residents by relaxing its taxation of goods purchased in the United States by Canadian tourists. While U.S. and Canadian personal exemption regimes are not directly comparable, the United States allows an $800 per person exemption every 30 days, while Canada has an allowance linked to the length of the tourist's absence and allows only C$50 for tourists absent for at least 24 hours and C$200 for visits exceeding 48 hours. This practice discourages shopping visits to the United States by border residents.

Wine and Spirits

Market access barriers in several provinces hamper exports of U.S. wine and spirits to Canada. These include "cost of service" mark-ups, listings, reference prices and discounting, and distribution and warehousing policies.

The Canadian Wheat Board and State Trading Enterprises

The U.S. government has concerns about the monopolistic marketing practices of the Canadian Wheat Board. Announced in 2002, USTR's approach to level the playing field for American farmers is producing important results. Most notably, in WTO dispute settlement proceedings against the Canadian Wheat Board and the Government of Canada, a WTO panel found in favor of the United States on claims related to Canada's grain handling and transportation systems. Canada now must comply with those findings. In order to comply with the WTO panel's findings, the Government of Canada introduced and passed Bill C-40, which amended the Canada Grain Act and Canada Transportation Act in May 2005.

In addition, the United States is seeking reforms to State Trading Enterprises (STEs) as part of the WTO agricultural negotiations. The U.S. proposal calls for the end of exclusive STE export rights to ensure private sector competition in markets currently controlled by single desk exporters; the establishment of WTO requirements to notify acquisition costs, export pricing, and other sales information for single desk exporters; and the elimination of the use of government funds or guarantees to support or ensure the financial viability of single desk exporters. The United States gained WTO support for the elimination of trade-distorting practices of agricultural state trading enterprises.

In October 2003 the U.S. Department of Commerce (DOC) imposed 8.87 percent antidumping and 5.29 percent countervailing duties on Canadian hard red spring wheat (HRS). Following a June 2005 NAFTA panel remand decision, the U.S. International Trade Commission (ITC) made a negative determination that HRS imports from Canada materially injured the U.S. industry. Then, in December 2005, a NAFTA panel dismissed the North Dakota Wheat Commission's challenge of the ITC's findings and, shortly thereafter, the NAFTA Secretariat issued the notice of final panel action, which resulted in the complete removal of the tariff in early 2006.

Piracy

The Canadian Border Service Agency officials also lack the power to seize counterfeit goods at the border without a court order obtained by the aggrieved rights holder. This makes it easy to bring in pirated goods into Canada. However, the criminal laws allow for a public officer in the course of duty to seize any item discovered to be in violation of the law. Customs can detain suspected counterfeit shipments and contact the Royal Canadian Mounted Police, which can then proceed with investigation under criminal law.

Also of concern to the U.S. medical equipment industry is the effect of British Columbia's privacy laws on the remote servicing of medical equipment.

Import Requirements and Documentation

Return to top

The Canada Border Services Agency website describes the required documents for import. The most important document required from a U.S. exporter is a properly completed Canada Customs Invoice or its equivalent, which is required for all commercial shipments imported into Canada. The exporter can use its own form if it has the required information on it. At the border, the importer or customs broker also submits Form B3, the customs coding form. Further information on Form B3 can be found in the brochure "Importing Commercial Goods Into Canada – How to complete Form B3 when importing commercial goods." Other documents that trucking companies will provide for customs clearance may include a cargo control document and bill of lading. Some goods such as food or health-related products may be subject to the requirements of other federal government departments and may need permits, certificates, or examinations.

In addition, to get duty-free status under the NAFTA "rules of origin," a commercial NAFTA import over CDN $1,600 must be accompanied by a NAFTA Certificate of Origin, while a commercial import less than CDN $1,600 only requires a statement of origin from the exporter that the product is U.S.-made. Canada looks at the origins of the component parts of an item and whether they were transformed in the process of manufacture into another category to determine whether a product is entitled to NAFTA treatment. This can be quite complex so U.S. companies should consult the U.S. Department of Commerce's NAFTA Certificate of Origin Interactive Tool.

There are many customs brokers that can assist U.S. exporters with the details of the import documentation process, including Canada's non-resident importer program, in which the U.S. exporter in the United States obtains a "business number" and can then be the "importer of record" for purposes of customs clearance. This offers a number of marketing advantages, in particular the opportunity to remove the burden of customs clearance of commercial shipments from the Canadian customer. In fact, large retailers often demand that an exporter does whatever paperwork is required so that all the retailer needs to do is unload the goods from the truck and pay the exporter for the goods. Many brokers advertise their non-resident importer programs on their websites.

For most mail order shipments, the only paperwork needed is a standard business invoice. Companies should indicate the amount paid by the customer for the goods, in either U.S. or Canadian dollars. If goods are shipped on a no-charge basis (samples or demos), companies must indicate the retail value of the shipment. Two copies of the invoice should be attached to the outside of the package.

U.S. Export Controls

Return to top

Shipments to Canada do not require a Shipper's Export Declaration (SED) unless the shipment:

- Requires a Department of Commerce export license;
- Is subject to the Department of State, International Traffic in Arms Regulations regardless of license requirements; or
- Is subject to Department of Justice, Drug Enforcement Administration, export declaration requirements.

For merchandise transshipped from the United States through Canada for ultimate destination to a foreign country, other than Canada, a SED or Automated Export System (AES) record is required.

Temporary Entry

Return to top

Canada allows the temporary import free of duty and tax of certain commercial goods and equipment such as brochures, commercial samples, audio-visual equipment and industrial equipment for business meetings, trade shows, product demonstrations and industrial or construction purposes.

If the goods are eligible for free entry, a refundable security deposit -- in the form of cash or bond -- may be required. Further information on Canada's Form E29B ("temporary entry") and other requirements is available on the U.S. Commercial Service webpage "Temporary Import of Goods into Canada" and Canada Border Services Agency Memorandum D8-1-1 "Temporary Import Regulations."

For information on temporary entry of personal goods and equipment, see the subchapter on Temporary Entry of Materials and Personal Belongings.

Labeling and Marking Requirements

Return to top

See the subsection on labeling and marking requirements in the Standards section here.

Prohibited and Restricted Imports

Return to top

Certain goods may be prohibited or controlled, or require special permits, inspections or conditions to be met in order to allow them into Canada. Canada has a number of special attention and approval systems with regards to such goods.

The Export and Import Controls Bureau (EICB) authorizes, under the discretion of the Minister of International Trade, the import and export of goods restricted by quotas and/or tariffs. It also monitors the trade in certain goods and ensures the personal security of Canadians and citizens of other countries by restricting trade in dangerous goods and other materials. The Canadian Export and Import Permits Act contains an Import Control List.

The Canadian Border Services Agency administers Canada's laws and regulations of other Canadian federal agencies governing prohibited and restricted imports.

Further information on Canadian prohibitions and restricted imports for business travelers is available from the U.S. State Department webpage "Tips for Travelers to Canada."

Customs Regulations and Contact Information

Return to top

Canadian customs regulations and further information are available from the Canada Border Services Agency.

Standards

Return to top

Overview

Return to top

This chapter gives a detailed overview of the Canadian standards development and product testing and certification systems. Products shipped to Canada must conform to the relevant Canadian standard. In most instances, Canadian and U.S. standards are very similar, and products designed to conform to U.S. standards will meet Canadian standards with little or no modification. In some product areas, such as air conditioning and refrigeration, U.S and Canadian standards have been harmonized into a single North American standard. Similarities between U.S. and Canadian standards, however, do not relieve the U.S. exporter of the obligation to meet the Canadian standard.

In delineating the precise technical specifications required to ensure safety, both countries often use slightly different standards. This is an area in which standards officials and standards development organizations will find fruitful to explore. The Canadian view on "the tyranny of small differences" is discussed below in the context of the External Advisory Committee Report on Smart Regulation.

Principles of standards regulation in Canada should be examined in light of the basic rules of the WTO Agreement on Technical Barriers to Trade and of the North American Free Trade Agreement signed by the United States, Canada and Mexico: standards must not create unnecessary barriers to trade. To reduce such barriers, the NAFTA applies basic principles to bilateral trade.

Testing facilities and certification bodies are treated in a nondiscriminatory manner. Federal standards-related measures will be harmonized to the greatest extent possible. Greater openness will be provided in the regulatory process.

This report is drawn in large part on information on the Canadian standards-related websites cited below, in particular, the Canadian government's overview of the Canadian standards system.

National Standards System

Canada's National Standards System (NSS) is the system for developing, promoting and implementing standards in Canada. The NSS includes more than 400 organizations accredited by the Standards Council of Canada. These organizations are involved in several activities: standards development, product testing and quality ("conformity assessment"), product or service certification, and environmental management and production systems registration. More than 15,000 Canadian members contribute to committees that develop national or international standards.

The NSS does not include all standards in Canada. Nor is the system static: organizations can and do join and leave the system. Many standards used in Canada that are not National Standards may have been developed by Canadian standards development organizations (SDOs) and not put forward as a National Standard of Canada, often because of the cost of translating the standard into both official languages (English and French). In other cases, international, regional or foreign SDOs, such as the ISO, may have developed the standards. In addition, organizations not accredited by the Standards Council of Canada (SCC) develop some standards. Important non-NSS standards include the Building Code, developed by the National Research Council.

Standards Council of Canada

A federal Crown corporation, the Standards Council of Canada (SCC), coordinates standardization activities in Canada, including the designation of National Standards of Canada. Located in Ottawa, the Standards Council has a 15-member governing Council and a staff of approximately 80. The organization reports to Parliament through the Minister of Industry and oversees Canada's National Standards System. The SCC is comprised of representatives from the federal and provincial governments as well as from a wide range of public and private interests. It prescribes policies and procedures for developing National Standards of Canada, coordinates Canada's participation in the international standards system, and accredits more than 400 organizations involved in standards development, product or service certification, testing and management systems registration activities in Canada. The SCC is independent of government, although it remains partially financed by public funds. SCC members are appointed by the Governor in Council and include a wide range of interests so that no one party dominates policy directions.

The SCC does not develop standards itself, nor does it conduct conformity assessment. Rather, under its mandate to coordinate and oversee the efforts of the National Standards System, the SCC accredits testing and certification organizations to conduct conformity assessment and reviews the standards submitted by standards development organizations for approval as National Standards of Canada. This designation indicates that a standard is the official Canadian standard on a particular subject. It also shows that the development process met certain specified criteria. National Standards of Canada may be developed in Canada or adopted, with or without changes, from international standards.

On the global stage, the SCC serves as the National Enquiry Point for information from around the world concerning upcoming regulatory and standardization changes impacting trade. This service is a requirement of Canada's membership in both the World Trade Organization (WTO) and the North America Free Trade Agreement (NAFTA). Internationally, the Standards Council manages Canada's participation in the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC), and in regional standards organizations. It also encourages the adoption and application of international standards in Canada.

More than 400 organizations have been accredited by the Standards Council. Some of these develop standards; others are conformity assessment bodies that determine the compliance of products or services to a standard's requirements. The list of accredited organizations includes:

- standards development organizations;
- certification organizations;
- testing and calibration laboratories;
- environmental management systems (EMS) registration organizations that perform registrations to the ISO 14000 series standards; and
- auditor certifiers and trainers that provide QMS and EMS auditors with their training and credentials.

Standards Organizations Return to top

There are four accredited standards development organizations (SDOs) in Canada: the Canadian Standards Association (CSA), Underwriters' Laboratories of Canada (ULC), the Canadian General Standards Board (CGSB), and the Bureau de Normalisation du Québec (BNQ). Each of these organizations develops standards through committees representing various interests. SDOs may submit standards to the SCC to be recognized as National Standards of Canada. They can also develop standards-related documents such as codes and guidelines (non-mandatory guidance and information documents).

The CSA and ULC are private, not-for-profit organizations. They are market-driven to the extent that their activities are governed by the willingness of affected parties to pay for and participate in standardization activities. Although funded primarily through the sale of conformity assessment services, their standards development activities are not restricted to the areas in which they have conformity assessment programs. For example, only about one-third of CSA's 1,800 standards have related conformity assessment service offerings.

The BNQ and CGSB, by contrast, are both public sector organizations that run on cost recovery. As with the CSA and ULC, they offer standards development services in addition to conformity assessment services. Like the private sector organizations, they do not restrict their standards development activities to cases for which they have or could have conformity assessment programs. However, unlike their private sector counterparts, their standards development activities are not subsidized by the sales of conformity assessment services; rather, they seek funding for each standards development project from stakeholders and interested parties.

Although the SCC provides secretariat services to all of the Canadian Advisory Committees (CACs/CSCs) that support Canadian representatives on ISO and IEC technical committees, in some cases, individual SDOs provide funding for and service the CACs/CSCs. Under the auspices of the SCC, Canadian SDOs also provide the secretariat and funding for some ISO and IEC committees.

None of the four organizations have unified annual plans on their websites of standards that they plan to develop. However, their websites all explain their standards development processes and all have newsletters available by e-mail subscription and/or other information sources to assist companies in keeping current with new developments. Companies should become familiar with the development process, especially the proposal stage. Most important, interested companies should become familiar with the members of the specific committee of experts responsible for the relevant product or industry sector, which will enable them to learn at the earliest time of new standards development plans.

Standards organizations in the United States and Canada continue to work cooperatively in the development of joint standards and have made progress in several areas. For example, the Air Conditioning and Refrigeration Institute and the CSA have harmonized performance standards into a single North American standard for air conditioners and heat pumps, packaged water chillers, and water-source heat pumps. UL and CSA have established common electrical safety standards for air conditioners, heat pumps, and refrigerant motor-compressors.

Canadian standards are distributed by the four accredited standards development organizations (CSA, CGSB, ULC and BNQ). The Standards Council of Canada's search page contains a database of standards available for purchase. In addition, the SCC offers a number of specialized information standards services:

Information and Research Services

SCC employs a team of bilingual information professionals who can provide free information on standardization. SCC has a bilingual custom research service, which provides personalized information on a growing range of standards, legislation, and certification issues in many world markets.

On-Site Technical Library

The public can access Canada's most comprehensive standards collection.

The following is an overview of the four Canadian standards development organizations:

The Canadian Standards Association (CSA)

Founded in 1919, the Canadian Standards Association is Canada's largest and oldest SDO and offers standards development, testing, certification and management systems registration services in a wide range of areas. A private, not-for-profit organization, it has published more than 2,000 consensus standards and guidelines in 40 technology areas. CSA has 1,300 standards committees. CSA develops standards in the following areas:

- business/management systems
- communications/information
- construction
- electrical and electronics
- environment
- gas equipment
- health care
- materials technology
- transportation/distribution

Draft standards, draft amendments, and endorsements are available for public review and comment before the committee approves them. The comment period is normally 60 days from the date posted. Comments should be returned as quickly as possible, so that CSA can pass them on to the appropriate committee for review. A list of drafts available for public review is available on the CSA website.

The standards development process under which CSA and other SDOs operate is well developed and formally documented and controlled. As stated on the CSA website, this process includes seven distinct stages:

- **Preliminary Stage**: On receipt of a request for the development of a standard, an evaluation is conducted and the project is submitted for authorization.
- **Proposal Stage**: Public notice of intent to proceed is published and a Technical Committee is formed - or the project is assigned to an existing Technical Committee.
- **Preparatory Stage**: A working draft is prepared and a project schedule is established.
- **Committee Stage**: The Technical Committee or Technical Subcommittee - facilitated by CSA staff - develops the draft through an iterative process that typically involves a number of committee meetings.

- **Enquiry Stage**: The draft is offered to the public for review and comment, the Technical Committee reaches consensus, CSA staff conduct a quality review and a pre-approval edit is completed.
- **Approval Stage**: The Technical Committee approves the technical content by letter ballot or recorded vote. A second level review verifies that standards development procedures were followed.
- **Publication Stage**: CSA staff conducts a final edit to verify conformity with the applicable editorial and procedural requirements and then publishes and disseminates the standard.
- **Maintenance Stage**: The standard is maintained with the objective of keeping it up to date and technically valid. This may include the publication of amendments, the interpretation of a standard or clause, and the systematic (five-year) review of all standards.

CSA standards are available for purchase in the online store on the CSA website.

Endorsed standards are non-Canadian standards that have been reviewed by the appropriate Technical Committee and approved for use in Canada without modification. Endorsed standards are not sold by CSA. For more information, call the CSA Information Centre at (416) 747-4058.

Underwriters Laboratories of Canada (ULC)

Established in 1920 as a not-for-profit organization, Underwriters Laboratories of Canada offers a range of services, including standards development, certification, testing and management systems registration in a wide range of areas. It is accredited by the Standards Council of Canada under the National Standards System. The ULC has published a catalog of more than 240 standards and other recognized documents, many of which are referenced in codes and government regulations. The ULC's standards development process is explained on the ULC website.

The Canadian General Standards Board

Established in 1934 by the federal government, the Canadian General Standards Board offers a range of standardization services on a cost-recovery basis to both the public and private sectors. These services include standards development, certification and qualification listing, and management systems registration in a broad range of subject areas. Part of the federal department of Public Works and Government Services Canada, the CGSB focuses on providing services in support of government mandates and their related programs.

As a participant in the National Standards System of Canada, the CGSB offers a wide range of standards development services, including development of International (ISO) Standards, National Standards of Canada (NSC), CGSB standards, specifications, and Government of Canada (GC) forms. CGSB maintains approximately 1,600 standards. Standards and specifications are developed by committees of volunteers, experts in their fields working according to the CGSB process. These standards cover a wide range of products and services, including:

- building and construction

- business (office) equipment and supplies
- communications and information technology
- environmental technology
- fuel and energy products
- health care technology
- lifestyles and environment
- procurement
- public safety
- textiles and clothing
- transportation and distribution

The standards development process of the CGSB is explained on the CGSB website.

Bureau de Normalisation du Québec (BNQ)

The Quebec government established the Bureau de normalisation du Québec (BNQ) in 1961, initially to serve the procurement needs of the provincial government. The BNQ offers a range of standardization services, including standards development, certification, management systems registration and laboratory accreditation. As with the other SDOs, the BNQ is reaching beyond its traditional market to offer its services in English in other regions of Canada and in the United States. Since 1990, the BNQ has been part of the Centre de recherche industrielle du Québec. BNQ is a member organization of the National Standards System of Canada and operates in the fields of:

- standards development;
- product, process, service and person certification; and
- system registration of quality and environmental management systems

The standards development process of the BNQ is stated on the BNQ website**.**

The Future of Standards Development in Canada

In a report issued in September 2004, the Canadian federal government's External Advisory Committee on Smart Regulation made a number of recommendations concerning international cooperation in standards development. These included the following comments and recommendations:

- The Canadian federal government should include international regulatory cooperation as a distinct part of Canadian foreign policy.
- North America should be the primary and immediate focus of the federal government's international regulatory cooperation efforts. The federal government should work to:
- Achieve compatible standards and regulation in areas that would enhance the efficiency of the Canadian economy and provide high levels of protection for human health and the environment;
- Eliminate small regulatory differences and reduce regulatory impediments to an integrated North American market;

- Move toward single review and approval of products and services for all jurisdictions in North America; and
- Put in place integrated regulatory processes to support key integrated North American industries (e.g. energy, agriculture, food) and provide more effective responses to threats to human and animal health and the environment.
- When developing new regulatory frameworks, the federal government should review and adopt international approaches wherever possible. The federal government should limit the number of specific Canadian regulatory requirements.

- Specific Canadian regulatory requirements may be appropriate when:

    - There is no commonly agreed upon international or North American standard;
    - Important national priorities, unique Canadian circumstances or Constitutional values require different approaches; or
    - The government does not have sufficient confidence that the regulatory processes, practices, results and/or decisions of a trading partner will meet Canadian policy objectives.

- Where specific Canadian regulatory requirements are adopted, the federal government should reduce or minimize the cumulative impact of regulatory differences on trade and investment by:

    - Assessing alternative instruments for meeting policy objectives (e.g. voluntary measures, information strategies);
    - Promoting the use of performance-based approaches where possible; and
    - Establishing the appropriate accountability structures to review requirements regularly to ensure that policy objectives are being met and eliminate those regulations that are no longer necessary.

- Specific Canadian requirements should be limited to where:

    - There is no commonly agreed upon international or North American standard;
    - There are important national priorities;
    - Unique Canadian circumstances or Constitutional values require a different approach;
    - Or the government has not yet developed sufficient confidence in the regulatory processes, practices results and/or decisions of a key trading partner to meet Canadian policy objectives.

If the Canadian government accepts these recommendations, it would make it easier for U.S. exporters to comply with Canadian standards.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: http://www.nist.gov/notifyus/.

Conformity Assessment

Return to top

Product testing, known as *conformity assessment,* is usually carried out by a testing and certification organization or laboratory that has been accredited to conduct that test and certify that product's conformity with the applicable standard. Regulated products must be tested and certified; there is no legal requirement to test non-regulated products.

Certification bodies (CBs) attest, by authorizing the display of their certification mark, that products or services conform to a standard. They regularly inspect and audit processes and products. There are 12 CBs in Canada and 17 U.S.-based organizations that have been SCC accredited. These organizations have registered trademarks or logos giving a visible indication that products or services comply with a standard.

The Standards Council accredits six types of conformity assessment organizations:

- testing and calibration laboratories
- management systems registration bodies
- personnel certification bodies
- product certification bodies
- inspection bodies
- auditor course providers

The most important conformity assessment organizations are discussed in the next section of this chapter.

Product Certification

Return to top

U.S. manufacturers and exporters should determine what standards are applicable to their products. If certification is required, it generally must be obtained before the goods are imported into Canada. The process can be time-consuming and, therefore, certification should be one of the first steps taken to establish an export market in Canada.

For U.S. exporters unsure of Canadian certification requirements, the first step is to contact the SCC directly in order to determine: (1) what testing is required, and (2) what organizations are accredited to conduct that testing and certification. For many products, U.S. exporters will learn that a U.S. laboratory has been accredited (see next section below) and the manufacturer need only submit the product to one lab instead of spending the time and money to have the product tested by both a U.S. and a Canadian lab.

CSA International, the conformity assessment and product certification organization in the CSA Group, and the other four standards development organizations, ULC, CGSB and BNQ, are also engaged in conformity assessment and product certification.

CSA International handles the following product certification areas:

- appliances
- chemicals
- energy efficiency
- fuel burning equipment
- gas accessories & components
- gas appliances & equipment
- hazardous locations
- heating & air conditioning
- home entertainment
- industrial controls & switchgear
- information technology (IT)
- lighting products
- mobile homes - recreational vehicles / occupational health & safety
- medical - laboratory equipment
- photometrics
- plumbing products
- process control & power supplies
- telecommunication - sensing and signaling equipment
- water quality
- wire and cable
- wiring devices

Underwriters Laboratories in the United States (UL) and CSA have a memorandum to accept each other's test results. However, each issues its own certification marks.

In addition to regular product certification, CSA International provides for special inspection to meet the needs of manufacturers or importers that sell limited quantities of products in the following three categories:

Special Inspection For Electrical Health Care Products

Special Inspection For Other Electrical Products

Special Inspection For Gas Products

Further information on special inspection is available from CSA International.

ULC tests in the following areas:

- chemicals and chemical products
- constructions
- elastomers & protective and other coatings
- electrical and electronic products

- environmental testing and occupational health and safety
- machinery
- marketplace products - consumer and business
- nondestructive examination
- non-metallic minerals and products
- textiles and fibrous materials
- wood products

CGSB certification and qualification program lists cover the following products and services:

- carpets and underlay
- construction materials
- medical products
- office furniture
- packaging
- paints and coatings
- protective clothing
- security personnel
- testing services (laboratory acceptance program)
- toner cartridges

BNQ verifies the conformity of products, processes, services and persons and develops certification programs in the following fields:

- recreational and tourist services
- agriculture, fertilizers and farm organization and management
- health technology and hospital equipment
- health and safety environment and protection
- piping and accessories
- road and special vehicles
- textile products
- civil and road engineering
- food technology
- chemical engineering
- metallurgy, iron and steel products
- domestic and commercial equipment and wood technology
- construction materials and building installations
- trades as cooks, pastry cooks, chefs and pastry chefs

In addition, under an agreement reached with the SCC, the BNQ has the authority to assess the laboratories in Québec that wish to be accredited in the framework of the Testing Laboratory Assessment Program — Canada (PALCAN).

BNQ can also grant food safety certification according to the HACCP principles (Hazard Analysis and Critical Control Points) under an agreement with MAPAQ.

Accreditation [Return to top](#)

The relevant Canadian authority must accredit testing and certification organizations that conduct conformity assessment, which in most cases is the SCC. The Standards Council of Canada (SCC) offers accreditation to over 500 mostly Canadian laboratories that conduct scientific testing in a variety of subjects and program specialty areas through the Program for the Accreditation of Laboratories/Canada, better known by its bilingual acronym PALCAN.

The North American Free Trade Agreement (NAFTA) provides that testing facilities, inspection agencies, and certification bodies of the United States, Canada and Mexico may be accredited in another NAFTA country without obligation to establish facilities in the other country. NAFTA thus allows U.S. exporters to get "one-stop shopping" product approval for both the United States and Canada by submitting their product to only one organization in order to get product certification for both countries. This eliminates the time and expense of obtaining separate certifications for each market. Numerous U.S. testing and certification organizations have received accreditation from the SCC. A complete list of these organizations is available on the website of the Standards Council of Canada: http://www.scc.ca/en/programs/product_cert/index.shtml.

Provincial regulations, however, do not fall under the NAFTA accreditation framework. U.S. companies faced with difficulties in obtaining provincial approvals should consult with the U.S. Commercial Service to determine nature of the problem. In the opinion of the Canadian Chamber of Commerce, the most contentious regulatory issue for business is overlapping federal and provincial/territorial regulations and separate regulatory regimes among the provinces and territories which discourage companies from expanding into new provincial/territorial jurisdictions due to the added costs of regulatory compliance.

Publication of Technical Regulations [Return to top](#)

The national gazette of Canada is the Canada Gazette.

Members of the World Trade Organization (WTO) including the United States and Canada are required under the World Trade Organization Agreement on Technical Barriers to Trade to report proposed technical regulations that may affect trade to the WTO Secretariat, who in turn distributes them to all WTO Members.

The U.S. National Center for Standards and Certification (NCSCI) of the National Institute of Standards and Technology (NIST) offers a free web-based Notify Us! service that provides U.S. industry with the opportunity to review and comment on proposed foreign technical regulations that can affect their businesses. By registering for this service, U.S. companies receive, via e-mail, notifications of drafts or changes to foreign regulations for a specific industry sector and/or country. Notifications of the proposed foreign regulation contain a description of the regulation, the country issuing the regulation, and a final date for comments. Copies of the full text are available upon request from NSCSI. Companies can register for this service on the Notify US website.

Comments regarding proposed regulatory measures should be emailed to NCSCI at ncsci@nist.gov prior to the comment deadline date indicated on notifications. All requests for extensions of comment dates will be considered and should also be forwarded to NCSCI.

Persons who plan to comment on a foreign regulation should contact NCSCI for guidance. If there is insufficient time to review and comment on the regulation, NCSCI staff will request an extension of the comment period. For more information on NCSCI services for U.S. exporters to Canada, see the NCSCI website.

The U.S. Department of Commerce's Trade Compliance Center serves as a point of contact for U.S. companies to submit information on a foreign trade barrier or unfair trade practice they have encountered that is limiting their ability to export or compete internationally.

Labeling and Marking

Return to top

The Canadian federal Consumer Packaging and Labelling Act and Regulations require consumer product packaging to be bilingual in English and French. However, it does not apply to any product that is a device or drug within the meaning of the Food and Drugs Act. The Canada Food Inspection Agency 2003 Guide to Food Labelling and Advertising discusses the requirements of the Food and Drug Act.

According to Competition Bureau Canada, the Consumer Packaging and Labelling Act requires that the following information must appear on the package/label of a consumer good sold in Canada:

Product Identity Declaration: describes a product's common or generic name, or its function. The declaration must be in both English and French.

Net Quantity Declaration: must be expressed in metric units of volume when the product is a liquid or a gas, or is viscous; or in metric units of weight when the product is solid or by numerical count. Net quantity may also be expressed in other established trade terms.

Dealer's Name and Principal Place of Business: where the prepackaged product was manufactured or produced for resale. In general, a name and address sufficient for postal delivery is acceptable. This information can be in either English or French.

The agency responsible for inspection of imports, the Canada Border Services Agency, also requires an indication of the country of origin, such as "Made in the USA," on several classes of imported goods. Goods not properly marked cannot be released from Canada Customs until suitably marked.

The Province of Quebec requires that all products sold in that province be labeled in French and that the use of French be given equal prominence with other languages on any packages or containers. The Charter of the French Language requires the use of French on product labeling, warranty certificates, product manuals, instructions for use, public signs and written advertising. The Office québécois de la langue française (Quebec Office of the French Language) website provides guidance on these requirements.

U.S. exporters of textile and apparel should check the website of Industry Canada's Competition Bureau for specific labeling requirements: Food exporters should check the Canadian Food Inspection Agency's Guide to Food Labeling and Advertising.

For example, Canadian requirements for foods fortified with vitamins and minerals have created a costly burden for American food manufacturers who export to Canada. Health Canada restricts marketing of breakfast cereals and other products, such as orange juice, that are fortified with vitamins and/or minerals at certain levels. Canada's regulatory regime requires that products such as calcium-enhanced orange juice be treated as a drug. This forces manufacturers to label vitamin and mineral fortified breakfast cereals as "meal replacements." These standards impose costs on manufacturers who must make separate production runs for the U.S. and Canadian markets.

In March 2005, the Government of Canada released for public consideration a draft policy on supplemental fortification of food and beverages that reflects the study on Dietary Reference Intakes (DRIs) undertaken by the U.S. Institute of Medicine (IOM). Industry welcomed the draft policy as it may offer more latitude to manufacturers for discretionary fortification of foods and beverages than the current regulatory regime. The new policy may reduce the cross-border discrepancy in fortification rules; however, the final regulations based on it have not yet been submitted for public review. Draft regulations are now expected to be made public in late 2006 and come into force in late 2007. They may still present barriers to efficient cross-border trade.

Also, Canada's Processed Products Regulations (Canada Agricultural Products Act) prescribe standard container sizes for a wide range of processed fruit and vegetable products. No other NAFTA country imposes such mandatory container size restrictions. The Processed Products Regulations require manufacturers of baby food to sell in only two standardized container sizes: 4.5 ounces (128 ml) and 7.5 ounces (213 ml). The requirement to sell in container sizes that exist only in Canada creates an unnecessary obstacle to trade in baby food between Canada and the United States. Canada claims that the regulations are being rewritten and suggests that U.S. concerns will be addressed. However, it appears that the effort to revise the regulations has stalled, as there has been no progress for the past several years.

Finally, industry is charged with ensuring that any claims about a product being "environmentally-friendly" are accurate and in compliance with relevant legislation. In general, environmental claims that are ambiguous, misleading or irrelevant, or that cannot be substantiated, should not be used. In all cases, environmental claims should indicate whether they are related to the product itself or to the product's packaging materials. The Canadian government has issued a set of guiding principles governing the use of environmental labeling and advertising, which may be obtained by contacting Industry Canada.

Contacts Return to top

The U.S. Commercial Service Canada point of contact on standards matters is:

Michael P. Keaveny
Consul for Commercial Affairs
U.S. Commercial Service
U.S. Consulate General Toronto
P.O. Box 135
Lewiston, NY 14092
Tel: (416) 595-5412, ext. 222; Fax: (416- 595-5419
E-mail: Michael.Keaveny@mail.doc.gov
Website : http://www.buyusa.gov/canada

Principal contacts concerning Canadian standards and compliance are:

Bureau de normalisation du Québec

Canadian General Standards Board

CSA International

Canadian Standards Association

Industry Canada (for federal labeling requirements)

National Center for Standards and Certification Information (NCSCI)

Office québécois de la langue française

Standards Council of Canada

Underwriters Laboratories of Canada

Underwriters Laboratories Market Access Solutions

Trade Agreements Return to top

Canada's main trade agreement of value to U.S. exporters is the North American Free Trade Agreement (NAFTA).

Web Resources Return to top

Canadian Franchise Association

Canadian Marketing Association

Direct Marketing News

Canada's Customs Tariff

2005 National Trade Estimate Report on Foreign Trade Barriers

Canada Border Services Agency: Importing Goods Into Canada

Canada Border Services Agency.

Canadian Standards System.

World Trade Organization Agreement on Technical Barriers to Trade

Notify US

Trade Compliance Center

Competition Bureau Canada

North American Free Trade Agreement Secretariat:

Canada Border Services Agency

CBSA's A Guide to Importing Commercial Goods

The Canada Revenue Agency's Trilateral Customs Guide to NAFTA

U.S. Department of Commerce NAFTA Certificate of Origin Interactive Tool

Return to table of contents

Return to table of contents

Chapter 6: Investment Climate

Openness to Foreign Investment

Return to top

General Attitude

Strong economic fundamentals, proximity to the U.S. market, highly skilled employees and abundant resources are key attractions for American investors in Canada. With few exceptions, Canada offers foreign investors full national treatment within the context of a developed open market economy operating with democratic principles and institutions. Canada is, however, one of the few OECD countries that still has a formal investment review process. Under the Investment Canada Act, the Broadcasting Act, the Telecommunications Act and standing Canadian regulatory policy, Canada maintains restrictions that inhibit new or expanded foreign investment in the energy and mining, banking, fishing, publishing, telecommunications, transportation, film, music, broadcasting, cable television, and real estate sectors.

Canada's economic development is, to a significant extent, reliant on foreign investment inflows. The Canadian government estimates that foreign investors control about one-quarter of total Canadian non-financial corporate assets. The stock of global foreign direct investment in Canada in 2005 was CDN $416 billion, with U.S. investment accounting for about 64 percent of total foreign direct investment (FDI) in Canada.

The United States and Canada agree on important foreign investment principles, including right of establishment and national treatment. The 1989 Free Trade Agreement (FTA) recognized that a hospitable and secure investment climate would be necessary to achieve the full benefits of reducing barriers to trade in goods and services. The agreement established a mutually beneficial framework of investment principles sensitive to the national interests of both countries, with the objective of assuring that investment flowed freely between the two countries and that investors were treated in a fair and equitable manner. The FTA provided higher review thresholds for U.S. investment in Canada than for other foreign investors, but it did not exempt all American investment from review nor did it override specific foreign investment prohibitions, notably in the cultural area.

The 1994 NAFTA incorporated the gains made in the FTA, expanded the coverage of the Investment chapter to several new areas, and broadened the definition of investors' rights. It also created the right to binding investor-state dispute settlement arbitration in specific situations.

Legal Framework: The Investment Canada Act

Since 1985, foreign investment policy in Canada has been guided by the Investment Canada Act (the ICA), which replaced the more restrictive Foreign Investment Review Act. The ICA liberalized policy on foreign investment by recognizing that investment is central to economic growth and is the key to technological advancement. At the same time, it provided for review of large acquisitions by non-Canadians and imposed a requirement that these investments be of "net benefit" to Canada. For the vast majority of small acquisitions, as well as the establishment of new businesses, foreign investors need only notify the Canadian government of their investment.

Industry Canada must be notified of any investment by a non-Canadian to establish a new business, regardless of size; to acquire direct control of an existing business that has assets of at least CDN $5 million; or to acquire the indirect control of an existing Canadian business with assets exceeding CDN $50 million in value. However, the review threshold is higher for firms from member countries of the World Trade Organization (WTO), including the United States. In 2006, the review threshold for WTO members was CDN $265 million, rather than the CDN $5 million level applicable to non-WTO investors. In 2007 the review threshold is expected to be CDN $281 million. The Canadian government must be notified of an indirect acquisition of a Canadian business by firms from WTO-member countries but, with the exception of foreign acquisitions of any size in "cultural industries" such as publishing, film, and music, there is no review of indirect acquisitions.

Investment in specific sectors is covered by special legislation. For example, foreign investment in the financial sector is administered by the federal Department of Finance. Investment in an activity that is related to Canada's cultural heritage or national identity is administered by Heritage Canada. Under provisions of Canada's Telecommunications Act, foreign ownership of transmission facilities is limited to 20 percent direct ownership and 33 percent through a holding company, for an effective limit of 46.7 percent total foreign ownership. The Broadcast Act governs foreign investment in radio and television broadcasting. (See below for more detail on these restrictions.)

Canada's federal system of government subjects investment to provincial as well as national jurisdiction. Restrictions on foreign investment differ by province but are largely confined to the purchase of land and to provincially- regulated financial services. Provincial government policies, either cultural, such as French-language requirements in

Quebec, or in the areas of labor relations and environmental protection, can be a factor for foreign investors.

U.S. foreign direct investment in Canada is subject to provisions of the Investment Canada Act, the WTO, and the NAFTA. The basic obligation assumed by the two countries in Chapter 11 of the NAFTA is to ensure that future regulation of Canadian investors in the United States, and of U.S. investors in Canada, results in treatment no different than that extended to domestic investors within each country -- "national treatment." Both governments are completely free to regulate the ongoing operation of business enterprises in their respective jurisdictions under, for example, antitrust law, provided they accord national treatment.

Existing laws, policies and practices were "grandfathered," except where specific changes were required. The practical effect of this was to freeze the various exceptions to national treatment provided in Canadian and U.S. law, such as restrictions on foreign ownership in the communications and transportation industries. The Canadian government retains the right to review the acquisition of firms in Canada by U.S. investors at the levels applicable to other WTO members and has required changes before approving some investments.

Both governments are free to tax foreign-owned companies on a different basis from domestic firms, provided this does not result in arbitrary or unjustifiable discrimination, and to exempt the sale of Crown (government-owned) corporations from any national treatment obligations. Finally, the two governments retain some flexibility in the application of national treatment obligations. They need not extend identical treatment, as long as the treatment is "equivalent."

Services Trade

Bilateral services trade is largely free of restrictions and the NAFTA ensures that restrictions will not be applied in the future. However, pre-existing restrictions, such as those in the financial sector, were not eliminated by the NAFTA. The NAFTA services agreement is primarily a code of principles that establishes national treatment, right of establishment, right of commercial presence, and transparency for a number of service sectors specifically enumerated in annexes to the NAFTA. The NAFTA also commits both governments to expand the list of covered service sectors (except for the financial services covered by NAFTA Chapter 14).

Federal Procurement

NAFTA grants U.S. firms that operate from the United States national treatment for most Canadian federal procurement opportunities. However, inter-provincial trade barriers exist that often exclude U.S. firms established in one Canadian province from bidding on another province's procurement opportunities. As a first step in the ongoing and difficult process of reducing trade barriers within Canada, the Canadian federal, provincial and territorial governments negotiated an Internal Trade Agreement that came into effect on July 1, 1995. The Agreement provides a framework for dealing with intra-Canada trade in ten specific sectors and establishes a formal process for resolving trade disputes.

Besides the areas described above, the NAFTA includes provisions that enhance the ability of U.S. investors to enforce their rights through international arbitration; prohibit a broad range of performance requirements, including forced technology transfer; and expand coverage of the NAFTA investment chapter to include portfolio and intangible investments as well as direct investment.

As a party to the WTO Government Procurement Agreement (GPA), Canada allows U.S. suppliers to compete on a non-discriminatory basis for its federal government contracts covered by the GPA. However, Canada has not yet opened "sub-central" government procurement markets (i.e., procurement by provincial governments), despite commitments in the GPA to do so no later than July 1997. Some Canadian provinces maintain "Buy Canada" price preferences and other discriminatory procurement policies that favor Canadian suppliers over U.S. and other foreign suppliers. Because Canada does not cover its provinces in its GPA commitment, Canadian suppliers do not benefit from the United States' GPA commitments with respect to 37 state governments' procurement markets. In recent years, several U.S. states and Canadian provinces have cooperated to make reciprocal changes in their government procurement systems that may enhance U.S. business access to the Canadian sub-federal government procurement market. However, the Administration and a number of U.S. states have expressed concern that Canadian provincial restrictions continue to result in an imbalance of commercial opportunities in bilateral government procurement markets.

Investments in “Cultural Industries”

Canada defines “cultural industries" to include:

- the publication, distribution or sale of books, magazines, periodicals or newspapers, other than the sole activity of printing or typesetting;
- the production, distribution, sale or exhibition of film or video recordings, or audio or video music recordings;
- the publication, distribution or sale of music in print or machine-readable form;
- any radio, television and cable television broadcasting undertakings and any satellite programming and broadcast network services.

The ICA requires that foreign investment in the book publishing and distribution sector be compatible with Canadian national cultural policies and be of "net benefit" to Canada. Takeovers of Canadian-owned and controlled distribution businesses are not allowed. The establishment of new film distribution companies in Canada is permitted only for importation and distribution of proprietary products. (In other words, the importer would have to own world rights or be a major investor). Direct and indirect takeovers of foreign distribution businesses operating in Canada are permitted only if the investor undertakes to reinvest a portion of its Canadian earnings in Canada.

The Broadcasting Act sets out the policy objectives of enriching and strengthening the cultural, political, social and economic fabric of Canada. The Canadian Radio-television and Telecommunication Commission (CRTC) administers broadcasting policies. Under current CRTC policy, in cases where a Canadian service is licensed in a format competitive with that of an authorized non-Canadian service, the commission can drop the non-Canadian service if a new Canadian applicant requests to do so. Licenses will not be granted or renewed to firms that do not have at least 80 percent Canadian control, represented both by shareholding and by representation on the firms' board of directors.

All investments in newspapers and periodicals require review by the Minister for Canadian Heritage. Under terms of an agreement with the United States signed in June 1999, Canada committed to significantly lower its barriers to foreign magazines. Canada has complied with its agreement to permit up to 51 percent foreign equity in a magazine enterprise, up from the previous 25 percent, and to increase this level to 100 percent by June 2000. As of June 2002, U.S. magazines exported to Canada are permitted to carry 18 percent of total ad space with advertising aimed primarily at the Canadian market. Canada also committed to provide non- discriminatory tax treatment under Section 19 of the Income Tax Act. In this context, Canada eliminated the nationality requirement in June 2000, and Canadian advertisers may now place ads in any magazine regardless of the nationality of the publisher or place of production. Canadian advertisers, merchants and service providers may now claim a tax deduction for one-half of their advertising costs if they place ads in foreign magazines with zero to 79 percent Canadian editorial content. They may deduct full advertising costs if the magazine contains 80 percent or more original (specifically for the Canadian market) editorial content.

Investments in the Financial Sector

Canada is open to foreign investment in the banking, insurance, and securities brokerage sectors, although, unlike the United States, Canada still has barriers to foreign access to retail banking. Foreign financial firms interested in investing submit their application to the Office of the Supervisor of Financial Institutions (OSFI) for approval by the Minister of Finance. U.S. firms are present in all three sectors, but play secondary roles. Canadian banks have been much more aggressive in entering the U.S. retail banking market because there are no barriers that limit access. Although American and other foreign banks have long been able to establish banking subsidiaries in Canada, no U.S. banks have attempted to undertake retail-banking operations in Canada, which is regarded as a fairly "saturated" market. Several U.S. financial institutions have established branches in Canada, chiefly targeting commercial lending, investment banking, and niche markets such as credit card issuance.

The NAFTA deals specifically with the financial services sector. Chapter 14 on financial services eliminates discriminatory asset and capital restrictions on U.S. bank subsidiaries in Canada. It also exempts U.S. firms and investors from the federal "10/25" rule so that they will be treated the same as Canadian firms. The "10/25" rule prevents any single non-NAFTA, non-resident from acquiring more than ten percent of the shares, and all such non- residents in the aggregate from acquiring more than 25 percent of the shares of a federally regulated, Canadian- controlled financial institution. In 2001, the Canadian government raised the 10 percent rule to 20 percent for single shareholders.

Both the 10 percent and the 25 percent limitations were eliminated for American investors in federally chartered, non-bank financial institutions. Several provinces, however, including Ontario and Quebec, have similar "10/25" rules for provincially chartered trust and insurance companies that were not waived under the FTA.

Investments in Other Sectors

Commercial Aviation: Foreigners are limited to 25 percent ownership of Canadian air carriers.

Energy and Mining: Foreigners cannot be majority owners of uranium mines.

Telecommunications: Under provisions of Canada's Telecommunications Act, direct foreign ownership of Type I carriers (owners/operators of transmission facilities) are limited to 20 percent. Ownership and control rules are more flexible for holding companies that wish to invest in Canadian carriers. Under these rules, two-thirds of the holding company's equity must be owned and controlled by Canadian.

Fishing: Foreigners can own up to 49 percent of companies that hold Canadian commercial fishing licenses.

Electric Power Generation and Distribution: Regulatory reform in electricity continues in Canada, motivated by the expectation that increased competition will lower costs of electricity supply. The provincially owned power firms are also interested in gaining greater access to the U.S. power market. Since power markets fall under the competency of the Canadian provinces, they are at the forefront of the reform effort. The reforms will also help to integrate the U.S. and Canadian electricity markets more closely.

Real estate: Primary responsibility for property law rests with the provinces. Prince Edward Island, Saskatchewan, and Nova Scotia all limit real estate sales to out-of-province parties. There is no constitutional protection for property rights in Canada. Consequently, government authorities can expropriate property after paying appropriate compensation.

Privatization: Each privatization (federal or provincial) is considered on a case-by-case basis, and there are no overall limitations with regard to foreign ownership. As an example, the federal Department of Transport did not impose any limitations in the 1995 privatization of Canadian National Railway, whose majority shareholders are now U.S. citizens.

Investment Incentives

Federal and provincial governments in Canada offer a wide array of investment incentives, which municipalities are, on the whole, prohibited from doing. None of the federal incentives are specifically aimed at promoting or discouraging foreign investment in Canada; rather, they are designed to accomplish broader policy goals, such as investment in research and development, or promotion of regional economies and are available to any qualified investor, Canadian or foreign, who agrees to use the funds for the stated purpose. For example, Export Development Canada can support inbound investment under certain specific conditions (e.g. investment must be export-focused;

export contracts must be in-hand or have a track record or there is a world or regional product mandate for the product to be produced).

Provincial incentives tend to be more investor-specific and are conditioned on applying the funds to an investment in the granting province. Provincial incentives may also be restricted to firms established in the province or that agree to establish a facility in the province. Government officials at both the federal and provincial levels expect investors who receive investment incentives to use them for the agreed purpose, but no enforcement mechanism exists.

Incentives for investment in cultural industries, at both the federal and provincial level, are generally available only to Canadian-controlled firms. Incentives may take the form of grants, loans, loan guarantees, venture capital, or tax credits. Incentive programs in Canada generally are not oriented toward the promotion of exports. Provincial incentive programs for film production in Canada are available to foreign filmmakers.

Conversion and Transfer Policies

Return to top

The Canadian dollar is fully convertible. The Canadian government provides some incentives for Canadian investment in developing countries through Canadian International Development Agency (CIDA) programs. Like OPIC, Canada's official export credit agency, the Export Development Corporation (EDC) provides political risk insurance to support Canadian companies with investments in foreign countries and to support lenders who finance transactions pursued by Canadian companies abroad.

Expropriation and Compensation

Return to top

Canadian federal and provincial laws recognize both the right of the government to expropriate private property for a public purpose, and the obligation to pay compensation. The federal government has not nationalized any foreign firm since the nationalization of Axis property during World War II. Both the federal and provincial governments have assumed control of private firms -- usually financially distressed ones -- after reaching agreement with the former owners.

Dispute Settlement

Return to top

Canada is a member of the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. The Canadian government has made a decision in principle to become a member of the International Center for the Settlement of Investment Disputes (ICSID). However, since the legal enforcement mechanism for ICSID requires provincial legislation, the federal government must also obtain agreement from the provinces that they will enforce ICSID decisions. Although most provinces have endorsed the agreement, full agreement is unlikely in the foreseeable future.

Canada accepts binding arbitration of investment disputes to which it is a party only when it has specifically agreed to do so through a bilateral or multilateral agreement, such as a Foreign Investment Protection Agreement (see below). The provisions of

Chapter 11 of the NAFTA guide the resolution of investment disputes between the United States and Canada. The NAFTA encourages parties to settle disputes through consultation or negotiation. It also establishes special arbitration procedures for investment disputes separate from the NAFTA's general dispute settlement provisions. Under the NAFTA, a narrow range of disputes (those dealing with government monopolies and expropriation) between an investor from a NAFTA country and a NAFTA government may be settled, at the investor's option, by binding international arbitration. An investor who seeks binding arbitration in a dispute with a NAFTA party gives up his right to seek redress through the court system of the NAFTA party, except for proceedings seeking non-monetary damages.

Performance Requirements and Incentives Return to top

The NAFTA prohibits the United States or Canada from imposing export or domestic content performance requirements and Canada does not explicitly negotiate performance requirements with foreign investors. For investments subject to review, however, the investor's intentions regarding employment, resource processing, domestic content, exports and technology development or transfer can be examined by the Canadian government. Investment reviews often lead to negotiation of a package of specific "undertakings" such as agreement to promote Canadian products.

Right to Private Ownership and Establishment Return to top

Investors have full rights to private ownership.

Protection of Property Rights Return to top

Foreign investors have full and fair access to Canada's legal system, with private property rights limited only by the rights of governments to establish monopolies and to expropriate for public purposes. Investors from NAFTA countries have mechanisms available to them for dispute resolution regarding property expropriation by the Government of Canada.

Canada has yet to ratify key treaties that protect copyright works on the Internet (the WIPO "Internet treaties") that the government signed in 1997. (Please refer to the copyright section of this report for more details.) U.S. (and many Canadian) companies have also complained that Canada's enforcement regime against counterfeiting and piracy, both at the border and internally, is cumbersome and ineffective, requiring civil court orders before goods can be formally seized.

Transparency of Regulatory System Return to top

The transparency of Canada's regulatory system is similar to that of the United States. Proposed legislation is subject to parliamentary debate and public hearings, and regulations are issued in draft form for public comment prior to implementation. While federal and/or provincial licenses or permits may be needed to engage in economic activities, regulation is generally for statistical or tax compliance reasons. The Bureau of Competition Policy and the Competition Tribunal, a quasi-judicial body, enforce Canada's antitrust legislation.

Efficient Capital Markets and Portfolio Investment

Return to top

Investment in Canada's capital markets present no problems to investors. As described above, the markets are open, accessible, and without onerous regulatory requirements.

Political Violence

Return to top

Political violence occurs in Canada to about the same extent as in the US. For example, protests at the April 2001 Summit of the Americas in Quebec City sparked violent confrontations that resulted in some property damage.

Corruption

Return to top

Corruption in Canada, on an international scale, is low, and similar to that in the United States. There have been recent investigations into inappropriate expenditure of government funds to support political activities, but this alleged corrupt activity was not related to foreign direct investment. Reports have been received, particularly from Quebec, of alleged mob activity, but again, not to the level that would require undue concern by investors. In general, the type of due diligence that would be required in the U.S. to avoid corrupt practices would be appropriate in Canada. Canada is a signatory to the UN Convention against Corruption.

Bilateral Investment Agreements

Return to top

While the terms of the FTA and the NAFTA guide investment relations between Canada and the United States, Canada has also negotiated international investment agreements with non- NAFTA parties. These agreements, known as Foreign Investment Protection Agreements (FIPAs), are bilateral treaties that promote and protect foreign investment through a system of legally binding rights and obligations based on the same principles found in the NAFTA. Within Canada's overall foreign investment strategy, FIPAs complement the NAFTA. Canada has negotiated FIPAs with countries in Central Europe, Latin America, Africa and Asia, and has over 100 international tax treaties in force.

OPIC and Other Investment Insurance Programs

Return to top

Because of Canada's status as a developed country, the U.S. Overseas Private Investment Corporation does not operate in Canada.

Labor [Return to top]

The Federal government and Provincial/territorial governments share jurisdiction for labor regulation and standards. Federal employees and those employed in the railroad, airline and banking sectors are covered under the federally administered Canada Labour Code, while employees in most other sectors come under provincial labor codes. As the laws vary somewhat from one jurisdiction to another, it is advisable to contact a federal or provincial labor office for specifics such as minimum wage and benefit requirements. In 2005, unemployment dropped to the lowest level in 30 years and 233,000 new jobs were created. Labor at all skill levels is generally available, with variation among provinces.

Due in part to the value of the Canadian dollar relative to the U.S. dollar, Canadian wage and benefit levels for most non- executive job categories are somewhat lower than levels paid in the United States. In 2006, the proportion of union membership among those in paid, non-agricultural employment was 30.8 percent. In the most recent available figures from 2004, overall union membership reflected a 19 percent unionized rate in the private sector and a 76 percent unionized rate in the public sector.

Foreign-Trade Zones/Free Ports [Return to top]

For Americans, NAFTA means that Canada operates as a free trade zone for products made in the U.S. American-made goods can enter Canada duty free, which negates any advantage that would traditionally be ascribed to a free trade zone. The city of Vancouver is working to establish a free trade zone in association with its airport, but this would be primarily for imported goods from Asia. This would allow for pre-customs final assembly and for pick-and-pack services to operate outside of the Canadian customs territory. Again, this would not apply to American-made products imported into Canada under a NAFTA certificate.

Foreign Direct Investment Statistics [Return to top]

Foreign direct investment in Canada increased three times faster than Canadian direct investment abroad through 2005, mainly as the result of the soaring Canadian dollar. The United States is Canada’s largest source of FDI due to the stable political environment, the favorable Canadian exchange rate and Canada's strong economic performance. American investors held $266.5 billion in the form of direct investment at the end of 2005, up $18.0 billion from 2004. The finance and insurance sector accounted for 21% of foreign direct investment in Canada at the end of 2005, followed by the energy sector at 20%. The share of the energy sector in foreign direct investment has almost doubled since 1999, going from 11% to 20%. American direct investors have increased their position in the Canadian energy sector by more than 150% since 2000. American direct investors were still by far the largest investing country in Canada, holding nearly two-thirds (64%) of the total, followed by the U.K. with $29.9 billion and France with $28.4 billion. U.S. investors with large direct investments in Canada include the major automakers (General Motors, Ford, and DaimlerChrysler), major integrated energy firms (ExxonMobil, ChevronTexaco, and ConocoPhillips), banks and insurance firms (Bank of America) and retailers (Wal-Mart, Home Depot).

Canadian direct investment abroad reached $465.1 billion, up from $451.4 billion at the end of 2004. In 2005, Canadian residents' foreign direct investment in the United States grew by CDN $17.4 billion to CDN $213.7 billion from the previous year. Other major destinations for Canadian Direct Investment abroad in 2005 were Barbados with $34.7 billion, a 13% gain, Ireland with $19.5 billion, and Bermuda with $13.6 billion.

Note: exchange rate effects may significantly distort the above, primarily the strong appreciation of the Canadian dollar since 2003.

Canada has consistently been one of the top ten sources of foreign direct investment in the United States, and in 2004 was tied with Luxembourg for seventh place as a source of foreign direct investment in the United States.

Web Resources Return to top

Investment Canada Act

International Trade Canada

Canada Labour Code

Return to table of contents

Return to table of contents

Chapter 7: Trade and Project Financing

How Do I Get Paid (Methods of Payment) Return to top

Although terms vary from one industry to another and among trading channels, U.S. manufacturers exporting to Canada generally ship on open account, and do not require letters of credit. Typical terms are a discount of 1-2 percent of the invoice if paid within ten days. American firms exporting to department stores tend to offer a discount of 8-10 percent for settlement within ten days. Normal precautions in dealing with a first-time customer should be exercised, and safeguards instituted wherever possible, at least until a satisfactory relationship has been established.

U.S. firms exporting to Canada will not find any strong need for government-backed export insurance against exigencies that may typically be found in many third-country markets. The Export-Import Bank of the United States is moderately active in financing U.S. exports to Canada. With proper application of sound business principles, American firms should be able rely on commercial banks as they do in the U.S. domestic market and to avoid most of the problems that require extensive export financing insurance.

How Does the Banking System Operate Return to top

According to Canadian Bankers' Association:

- Banks play a key role in Canada's financial system and economic development. As of May 2005 the banking industry included 19 domestic banks, 49 foreign bank subsidiaries or branches operating in Canada. The top six banks managed nearly $1.8 trillion in assets.

- Banks account for over 70 per cent of the total assets of the Canadian financial services sector, with the six largest domestic banks accounting for over 90 per cent of the assets of the banking industry.

- Banks are among Canada's leading employers. In 2006 the industry employed over 249,000 Canadians and had a Canadian payroll of approximately $18.8 billion. In addition, in 2005 the six largest domestic banks paid $6.1 billion in taxes to all levels of government.

- Canada's banks operate through an extensive network that includes over 8,000 branches and close to 16,000 automated banking machines (ABMs) across the country; total ABMs number about 50,000. Canada has the highest number of ABMs per capita in the world and benefits from the highest penetration levels of electronic channels such as debit cards, Internet banking and telephone banking.

- The six major domestic banks also have a significant presence outside Canada, in areas such as the United States, Latin America, the Caribbean and Asia. International operations accounted for approximately 33 per cent of their gross revenues in 2004.

Under NAFTA, U.S. banks also enjoy a right of establishment and a guarantee of national treatment in Canada.

Foreign-Exchange Controls Return to top

The Canadian dollar is fully convertible. Canada has no restrictions on the movement of funds into or out of the country. Banks, corporations and individuals are able to deal in foreign funds or arrange payments in any currency they choose.

U.S. Banks and Local Correspondent Banks Return to top

All major banks in Canada have the ability to do business with U.S. banks and in U.S. dollars. U.S. banks doing business in Canada are members of the Canadian Bankers Association, to which all major Canadian banks also belong.

Project Financing Return to top

U.S., Canadian and third-country banks finance large-scale projects. Canada does not qualify for project financing from any of the multilateral development banks, such as the World Bank or the Inter-American Bank for Reconstruction and Development. Overseas Private Investment Corporation (OPIC) and other U.S. Government investment and project financing programs are not available in Canada.

Web Resources Return to top

Export-Import Bank of the United States: http://www.exim.gov

Ex-Im Bank Country Limitation Schedule:
http://www.exim.gov/tools/country/country_limits.html

OPIC: http://www.opic.gov

Trade and Development Agency: http://www.tda.gov/

SBA's Office of International Trade: http://www.sba.gov/oit/

USDA Commodity Credit Corporation: http://www.fsa.usda.gov/ccc/default.htm

U.S. Agency for International Development: http://www.usaid.gov

Canadian Bankers Association

Return to table of contents

Return to table of contents

Chapter 8: Business Travel

Business Customs Return to top

Business customs in Canada are very similar to those in the United States. For example, an exchange of business cards is expected. However, there are differences. Canadians are generally quite aware of news and cultural developments in the United States, much more so than most U.S. businesspeople are aware of Canadian issues or culture. Canadians are also very aware that they are not Americans and that Canada is not the United States. Quebeckers in particular are very proud of the 400-year history of French speakers in North America. U.S. business travelers to Canada should be sensitive to these and other cultural and linguistic differences and allow adequate time for the development of personal contacts in business dealings. The most important thing is to make a good first impression in any sales communication, and sell the reliability and honesty of yourself and your company before trying to sell your product or service.

Travel Advisory Return to top

The State Department posts the latest Consular Information Sheet for Canada with information on such matters as the health conditions, crime, unusual currency or entry requirements, any areas of instability, and the location of the nearest U.S. embassy or consulate in the subject country. In addition, travel warnings are issued when the State Department recommends that Americans avoid a certain country.

Visa Requirements Return to top

All persons entering Canada may be required to present proof of citizenship and identity. U.S. citizens are encouraged to show a U.S. passport. If they do not have a passport, they should be prepared to provide a government-issued photo ID (e.g. Driver's License) and proof of U.S. citizenship such as a birth certificate, naturalization certificate, or expired U.S. passport. U.S. citizens entering Canada from a third country must have a valid U.S. passport. A visa is not required for U.S. citizens to visit Canada for up to 180 days. Legal permanent residents of the United States are advised to carry their I-551 permanent resident card. Business travelers and dependents must also satisfy any other admission requirements of the Canadian Immigration Act.

Beginning January 23, 2007, under the Western Hemisphere Travel Initiative (WHTI), all visitors, both US and non-US citizens, flying between the US and Canada will be required to present a valid passport. As early as January 2008, this requirement will be extended to the land border. For additional information see the links below.

Anyone seeking to enter Canada for any purpose besides a visit, (e.g. to work, study or immigrate) should contact the Canadian Embassy or nearest consulate prior to travel. In addition to other Canadian visa categories, the North American Free Trade Agreement provides for certain professionals, traders and investors, or intra-company transferees who are U.S. or Mexican citizens to be eligible for visas for temporary employment.

Anyone with a criminal record (including some misdemeanors such as Driving While Impaired (DWI) charges) may be excluded or removed from Canada, and should contact the Canadian Embassy or nearest Canadian consulate well in advance of any planned travel for further processing, which may take some time.

Further information on Canadian entry requirements for business travelers is available from the U.S. State Department webpage "Tips for Travelers to Canada" and the Government of Canada webpage "Entering Canada – Entry Requirements for Business Visitors." Business travelers may also check Immigration and Citizenship Canada's website or contact the Embassy of Canada or the nearest Canadian consulate.

U.S. companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: http://travel.state.gov/visa/index.html

United States Visa information: http://www.unitedstatesvisas.gov/

U.S. Embassy Ottawa Consular Section:
http://www.usembassycanada.gov/content/content.asp?section=travel&document=index

Telecommunications Return to top

Telecommunications networks are highly sophisticated in Canada and comparable with those of the United States. Canada is integrated with the U.S. direct-dial long-distance telephone system (dial 1, the area code and the number, just like making a long-distance call in the United States). Most if not all U.S. mobile phones work in Canada, although roaming and long-distance charges may apply. Some U.S. mobile phone plans allow for roaming within Canada. All forms of communication and transmission are possible, including voice, text, data, and video, over regular phone lines, broadband and Voice over Internet Protocol (VoIP).

Transportation

Return to top

Except in remote areas of the north, Canada possesses an advanced transportation system comparable to that of the United States. An extensive air network links all major, and many minor, traffic points with adequate connections to the United States and the rest of the world. The transcontinental Canadian National Railway handles freight, while VIA Rail provides passenger service.

An excellent highway and freeway system exists within 200 miles of the U.S. border that connects with major U.S. interstate highways at the border and supports heavy truck, bus and automobile traffic. While all cities have reasonably priced public transport systems, Canada is as much an "automobile society" as is the United States. Gasoline is sold in liters in Canada, and Canadian safety standards for cars are similar to those in the United States. International highway symbols are used in Canada, and distances and speed limits are given in kilometers. Seat belts and infant/child seat restraints are mandatory in all Canadian provinces. Fines are imposed for non-use of seat belts and child restraints. Travelers renting cars in Canada in the winter should make sure that the cars have winter tires on them, since all-season tires start losing traction in cold weather.

Language

Return to top

While Canada is officially bilingual in English and French, English is spoken in every major business center in Canada including the province of Quebec, where French is the official language spoken as a first language by 80 percent of the population. The province of New Brunswick is bilingual, with the largest French-speaking population outside of Quebec. Knowledge of and appreciation of French and of the history of the French-speaking North Americans will be greatly beneficial in helping build relationships with Canadian business partners especially in Quebec.

Canada has attracted a huge influx of immigrants, many of whom speak Spanish, Mandarin, Cantonese, and a variety of Arabic dialects. One recent report indicated that the number of Spanish speakers is now approaching the number of French speakers. Large Chinese communities are found in Toronto and Vancouver that form a sizable market themselves.

Health

Return to top

Canada has no special health risks for travelers. Standards of community health and sanitation are comparable to those in the United States. Competent doctors, dentists, and specialists of all types are available, and medical training is equivalent to that in the United States. However, long waits for treatment in hospital emergency rooms, for appointments to see doctors, especially specialists, and for diagnostic tests are the norm. Also, Canadian doctors, hospitals and health providers generally do not accept U.S. health insurance. Travelers should expect to pay in cash or by credit card, obtain a receipt and description of the treatment, and file their own insurance claims.

Most food and other consumables available in the United States can be found in Canada.

Local Time, Business Hours, and Holidays

Return to top

Canada has six time zones. Newfoundland Time is 4 1/2 hours ahead of Pacific Time. Local business hours are Monday to Friday, with the workday generally starting between 8:00 a.m. and 9:00 a.m. Canadian federal and provincial holidays overlap some, but not all, U.S. holidays, and differ by province. Canadian federal holidays in 2007 are January 1 (New Year's Day), April 6 (Good Friday), April 9 (Easter Monday), May 21 (Victoria Day), July 1 (Canada Day), September 3 (Labour Day), October 8 (Thanksgiving Day), November 11 (Remembrance Day), December 25 (Christmas Day), and December 26 (Boxing Day). In 2008 the holidays are January 1 (New Year's Day), March 21 (Good Friday), March 24 (Easter Monday), May 19 (Victoria Day), July 1 (Canada Day), September 1 (Labour Day), October 13 (Thanksgiving Day), November 11 (Remembrance Day), December 25 (Christmas Day), and December 26 (Boxing Day). Quebec observes January 2 and its National Day of June 24 as holidays. A holiday that falls on a Saturday or Sunday is observed the following Monday. Most of Canada will follow the U.S. with the new dates for daylight savings time beginning in 2007.

Temporary Entry of Materials and Personal Belongings

Return to top

Business visitors to Canada may bring certain personal goods into Canada duty and tax-free, provided that all such items are declared to the Canada Border Services Agency upon arrival and are not subject to restriction. Further information on Canadian entry requirements for business travelers is available from the U.S. State Department webpage "Tips for Travelers to Canada" and Canada Border Services Agency Memorandum D2-1-1 "Temporary Importation of Baggage and Conveyances by Non-Residents."

For information on temporary entry of commercial goods and equipment, see the subchapter on Temporary Entry.

Business travelers to Canada may also be eligible for a refund of the GST/HST sales taxes paid for certain expenses in Canada such as hotel accommodations.

Web Resources

Return to top

- "The Importance of Making a Good First Impression in Sales Communications"
- Entering Canada – Entry Requirements for Business Visitors
- Consular Information Sheet for Canada
- Canadian federal and provincial holidays

Return to table of contents

Return to table of contents

Chapter 9: Contacts, Market Research, and Trade Events

Contacts

Return to top

A. U.S. Embassy and Consulates in Canada

The U.S. Commercial Service Canada's website is: http://www.buyusa.gov/canada. The U.S. Commercial Service Canada offices are:

U.S. Embassy Ottawa
U.S. Commercial Service
United States Embassy
PO Box 866, Station "B"
Ottawa, Ontario K1P 5T1
Tel: (613) 688-5217
Fax: (613) 238-5999
Contact: Janice Corbett, DSCO
E-mail: Ottawa.office.box@mail.doc.gov

U.S. Consulate General Calgary
U.S. Commercial Service
615 Macleod Trail SE, Suite 1000
Calgary, Alberta T2G 4T8
Tel: (403) 265-2116
Fax: (403) 266-4743
Contact: Sharon Atkins, Crystal Roberts
E-mail: Calgary.office.box@mail.doc.gov

U.S. Consulate General Halifax
U.S, Commercial Service
Purdy's Wharf II, Suite 904 – 1969 Upper Water St.,
Halifax, Nova Scotia B3J 3R7
Tel: (902) 429-2482, ext. 102
Fax: (902) 429-7690
Contact: Richard Vinson, Commercial Specialist
E-mail: Halifax.office.box@mail.doc.gov

U.S. Consulate General Montreal
U.S. Commercial Service
Place Felix Martin, 19th Floor
455 Rene Levesque Blvd West
Montreal, Quebec H2Z 1Z2
Tel: 514/398-0673
Fax: 514/398-0711
Contact: Pierre Richer, Senior Commercial Specialist
E-mail: Montreal.office.box@mail.doc.gov

U.S, Consulate General Toronto
U.S. Commercial Service
480 University Avenue, Suite 602
Toronto, Ontario M5G 1V2
Tel: (416) 595-5412, ext. 221
Fax: (416) 595-5419
Contact: Michael Keaveny, Consul for Commercial Affairs
E-mail: Toronto.office.box@mail.doc.gov

U.S. Consulate General Vancouver
U.S. Commercial Service
1095 W. Pender Street, 21st Floor
Vancouver, British Columbia V6E 2M6
Tel: (604) 685-3382 ext. 278
Fax: (604) 687-6095
Contact: Cheryl Schell, Commercial Specialist
E-mail: Vancouver.office.box@mail.doc.gov

B. Chambers of Commerce

The American Chamber of Commerce in Canada

Canadian Chamber of Commerce

C. Canadian Trade and Industry Associations

Aerospace Industries Association of Canada (AIAC)

Canadian Manufacturers and Exporters

Automotive Industries Association of Canada

CATA Alliance (Canadian Advanced Technology Association)

Canadian-American Business Council

The Canadian Association of Importers & Exporters

Canadian Franchise Association

Canadian Marketing Association

Information Technology Association of Canada (ITAC)

Canadian Association of Defence and Security Industries (CADSI)

D. Federal Canadian Government Contacts in Canada

Department of Agriculture and Agri-food Canada

International Trade Canada

Foreign Affairs Canada

Industry Canada

Public Works and Government Services Canada

Canada Revenue Agency

Market Research Return to top

To view market research reports produced by the U.S. Commercial Service please go to the following website: http://www.export.gov/marketresearch.html and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events Return to top

Please click on the links below for information on upcoming trade events.

U.S. Government Export Portal Trade Events Calendar:
http://www.export.gov/tradeevents/index.asp

U.S. Commercial Service Canada:
http://www.buyusa.gov/canada/en/eventsforusa.html

Return to table of contents

Return to table of contents

Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses in Canada, please click on the link below.

U.S. Commercial Service Canada: www.buyusa.gov/canada

Return to table of contents

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: http://www.export.gov